

Also, a bill (H. R. 6566) for the relief of Mrs. A. H. Lawson; to the Committee on Claims.

Also, a bill (H. R. 6567) for the relief of Joseph Mastine Keefe; to the Committee on Naval Affairs.

Also, a bill (H. R. 6568) granting a pension to John P. Hurley; to the Committee on Pensions.

By Mr. PARKER of New York: A bill (H. R. 6569) granting an increase of pension to Patrick J. Hanrahan; to the Committee on Pensions.

Also, a bill (H. R. 6570) granting an increase of pension to Mary J. Evans; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 6571) granting an increase of pension to Sylvia Ann Dunn; to the Committee on Invalid Pensions.

By Mr. SANDERS of Texas: A bill (H. R. 6572) for the relief of the Terrell Military College, of Terrell, Tex.; to the Committee on Claims.

By Mr. SHREVE: A bill (H. R. 6573) for the relief of Nellie Barnard; to the Committee on Military Affairs.

By Mr. SNOW: A bill (H. R. 6574) for the relief of Frank J. Curran; to the Committee on Military Affairs.

By Mr. TURPIN: A bill (H. R. 6575) granting an increase of pension to John J. Cawley; to the Committee on Pensions.

By Mr. WHITE: A bill (H. R. 6576) granting an increase of pension to Martha J. Woods; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

181. Petition of district stewards, pastors, and lay leaders of the Meridian district, Mississippi Annual Conference of the Methodist Episcopal Church South, unconditionally endorsing the eighteenth amendment to the Constitution of the United States of America; to the Committee on the Judiciary.

182. Petition of citizens of the State of Kentucky, urging the Congress of the United States to take such necessary steps or action that will eliminate unfair methods of competition against the rail-transportation system of the Nation by placing such competition under equal tax and regulatory conditions as govern the rail-transportation system operating within the United States of America; to the Committee on Interstate and Foreign Commerce.

183. By Mr. HOGG of Indiana: Petition of the Cigar-makers' Union, No. 37, of Fort Wayne, Ind., urging modification of the eighteenth amendment to the Constitution so as to permit the manufacture and sale of light wines and beers; to the Committee on the Judiciary.

184. Also, petition of young people of Garrett, Auburn, and Spencerville, in De Kalb County, Ind., in support of the eighteenth amendment, and urging its more strict enforcement; to the Committee on the Judiciary.

185. Also, petition of the Woman's Christian Temperance Union of Allen County, Ind., urging that there be no relaxation in the laws relating to enforcement of the eighteenth amendment; to the Committee on the Judiciary.

186. Also, petition of the members of the Ladies' Literary Club of St. Joe, De Kalb County, Ind., urging the furtherance of peace and prevention of war; to the Committee on Foreign Affairs.

187. Also, petition of citizens of Howe, La Grange County, Ind., urging more strict enforcement of the eighteenth amendment and the Volstead law; to the Committee on the Judiciary.

188. By Mr. O'CONNOR: Resolutions of the Substitute Letter Carriers' Association of New York City, petitioning Congress for more employment; to the Committee on the Post Office and Post Roads.

189. By Mr. PERSON: Petition of citizens of Detroit, Mich., and vicinity, to enact legislation to curb the activities of the "chain-store" system; to the Committee on the Judiciary.

190. By Mr. RUDD: Petition of New York Joint-Stock Land Bank, Rochester, N. Y., favoring the passage of House bill 5060; to the Committee on Banking and Currency.

191. Also, petition of Power City Local, No. 51, International Brotherhood of Paper Makers, Niagara Falls, N. Y., with reference to competition with foreign paper manufactures; to the Committee on Ways and Means.

SENATE

TUESDAY, DECEMBER 22, 1931

(Legislative day of Monday, December 21, 1931)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The VICE PRESIDENT. The Senator from California [Mr. JOHNSON] has the floor.

Mr. FESS. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Ohio?

Mr. JOHNSON. I yield.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from California yield for that purpose?

Mr. JOHNSON. I do.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Shipstead
Austin	Cutting	Johnson	Shortridge
Bailey	Dale	Jones	Smith
Bankhead	Davis	Kean	Smoot
Barbour	Dickinson	Kendrick	Steiwer
Barkley	Dill	Keyes	Swanson
Bingham	Fess	King	Thomas, Idaho
Black	Fletcher	La Follette	Thomas, Okla.
Blaine	Frazier	Lewis	Townsend
Borah	George	Logan	Trammell
Bratton	Glass	McGill	Tydings
Brookhart	Glenn	McKellar	Vandenberg
Broussard	Goldsbrough	McNary	Wagner
Bulow	Gore	Morrison	Walcott
Byrnes	Hale	Moses	Walsh, Mass.
Capper	Harris	Norbeck	Walsh, Mont.
Caraway	Harrison	Norris	Waterman
Carey	Hastings	Nye	Watson
Connally	Hatfield	Patterson	Wheeler
Coolidge	Hawes	Reed	White
Copeland	Hayden	Robinson, Ind.	
Costigan	Hebert	Schall	
	Howell	Sheppard	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, the policy pursued by the opponents of independence to the Philippine Islands of giving parts of a statement or extracts from a statement still continues. I have read in numerous papers that Mr. Quezon, Filipino leader, president of the Philippine Senate, former Commissioner to the United States, has abandoned his position in favor of complete independence for the Philippines and would accept in lieu of independence an increased autonomy, which I presume meant the election of a Filipino governor by the Filipino people.

This statement is not correct, so I ask permission to insert in the RECORD the entire report of Mr. Quezon to the Philippine Legislature.

It will be noted that because of his continued ill health, it was accompanied by his resignation as president of the senate and leader of his party. His resignation was rejected.

The statement I insert is in full, just as it was given to the Philippine Legislature. No one who reads it and understands English or wants in any way to be fair could interpret it as any abandonment of the aspiration for independence. The leader does ask for independence with free trade for a period of 10 years, but the two go together.

There was no compromise offered and none suggested. All of the three plans suggested by Mr. Quezon embrace independence, and he very carefully states that if independence must be given on terms of disadvantage, hardship, or even strain upon the Filipino people, it would be accepted, no matter how difficult the impositions might be.

The VICE PRESIDENT. Without objection, leave is granted.

Mr. QUEZON's report is as follows:

GENTLEMEN: I have the honor to submit the following report of my trip to the United States.

The Philippine Legislature on October 29, 1929, passed a concurrent resolution providing for the sending of a mission to the United States to be presided over by the president of the senate and the speaker of the house of representatives. The Resident Commissioners were made members ex officio of this mission.

Illness made it impossible for me to undertake the trip with the mission which, headed by the speaker of the house of representatives, left immediately for the United States, where it performed excellent work. The report of this mission has been in due time submitted to the legislature.

A RETROSPECT

During the administration of President Wilson the Congress of the United States, in 1916, enacted the Jones Act, which pledges the United States to grant the Philippines independence as soon as a stable government is established therein.

President Wilson, in his last message to Congress, reported that a stable government had been established in the islands and recommended that they be granted independence forthwith.

The Congress did not act on this recommendation. Then the Harding administration came into power, and President Harding, having in mind the last message of his predecessor, appointed the Wood-Forbes mission to investigate and report on the conditions obtaining in this country. The Wood-Forbes mission submitted an adverse report and recommended against the granting of independence immediately or at any time within a generation. The administration of President Harding acted in accordance with that report.

As the Filipino people disagreed with the findings and recommendations of the Wood-Forbes mission, a legislative mission was sent to the United States to refute the findings of said mission and to urge the granting of immediate independence. Though the plea of that mission went unheeded, the legislature continued to send other missions for the same purpose. One of these missions found in the Congress a sentiment which seemed favorable to the granting of independence. Bills to this end were introduced in the Senate as well as in the House of Representatives of the Congress of the United States, but none of them reached the floor of either body. Then President Coolidge came out publicly and stated as his opinion that the time was far off when independence could be granted to the Filipino people, thus endorsing the policy enunciated by President Harding. It must be borne in mind that neither Harding nor Coolidge repudiated, but, on the contrary, reiterated, the pledge of the United States to grant the Philippines independence. They differed from the stand taken by President Wilson in his last message to Congress only as to the time when independence is to be granted. However, the effect of President Coolidge's pronouncement on this subject seemed to have relegated the Philippine question to the background, and thus it looked as though the uncertainty of the future political status of the islands was to continue for an indefinite time to the great disappointment of our people.

NEW FACTORS THAT ENTER INTO THE SITUATION

Such was the situation when in the summer of 1927 the sugar interests of Cuba, in which American investments total a billion dollars, began to give indications of their desire to eliminate from the American market the competition of Philippine sugar. These interests having noticed the increase in the production of Philippine sugar, and fearing that within a short time this increase would be augmented, as some one had wrongly predicted, to several million tons, they decided to work for the imposition of the tariff upon our sugar. The beet-sugar producers in the United States, then the dairy farmers who think they suffer from the competition of Philippine oil, and finally the labor organizations of the Pacific coast who want to stop Filipino immigration, also began to agitate in an attempt to secure from Congress legislation that would close the doors of America to Filipino importation and immigration.

ATTEMPT TO DISCRIMINATE AGAINST THE PHILIPPINES

In the sessions of Congress of 1928 and 1929 there were attempts to impose tariff on Philippine sugar and oil. A Philippine mission, headed by Senator Osmeña and Speaker Roxas, fought the proposed discrimination against the island, as did also Secretary Stimson and the War Department, and the attempts failed.

EFFECT IN THE PHILIPPINES OF THE PRESENTATION OF SUCH MEASURES

The efforts thus made unjustly to impose a tariff on Philippine products, while the islands remained under American sovereignty, created among our people a feeling of uneasiness which beggars description. To the uncertainty of the grant of independence there was added the deep concern over the treatment which, in its economic relations with the United States, our country would receive under the American flag. The immediate effect was to stop either foreign or domestic capital from investing in new enterprises. And the most conservative Filipino saw the necessity of an immediate and definite solution of the Philippine question.

THE SESSIONS OF CONGRESS OF 1929 AND 1930

In the discussion of the last tariff bill in the Senate of the United States during the sessions of 1928 and 1929 those American interested parties exerted every effort to levy duty on Philippine sugar and oil. They met the opposition of Senators who believed that before free trade between American and the Philip-

pines is abolished independence should first be granted. At last advocates and opponents of the proposal to impose a tariff on our products agreed to consider the question of independence in the following session of Congress (1929-30).

What took place regarding this question in that session (1929-30) with respect to the Philippines is related in detail in the Roxas mission's report to the legislature. Suffice it to say here that several independence bills were introduced in the Senate and hearings thereon held in the Senate Committee on Territories and Insular Affairs. The Philippine mission appeared in these hearings and urged the grant of independence. The administration, through the testimony of the Secretary of State and a letter addressed by the Secretary of War to the chairman of the committee, not only objected to all measures to grant independence but took the stand that it was neither necessary nor expedient to pass any legislation that would change the present government of the Philippines.

After these hearings the Senate Committee on Territories and Insular Affairs favorably reported the bill known as the Hawes-Cutting bill.

This bill does not grant immediate independence to the Philippines. Senator Hawes himself, during the Senate hearings and in connection with the testimony of Secretary of State Stimson, said that no bill granting immediate independence would be considered by the Senate. The Hawes-Cutting bill provides for the immediate establishment of an autonomous government, and, in respect to the trade relations between the United States and the Philippines it states that "the second year after the termination of the existing Philippine Government there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands and upon all articles coming into the Philippine Islands from the United States 25 per cent of the duties which are required by the respective Governments to be levied, collected, and paid upon like articles imported from foreign countries," at the end of the third year the tariff duties will be raised to 50 per cent, at the end of the fourth year to 75 per cent, and at the end of the fifth year to 100 per cent.

From my sick bed in Manila I followed closely the development of these events. On the one hand, I feared that the attitude of the administration opposing all legislation that would change the present government of the Philippines would be successful, and, on the other, I was apprehensive as to the effect of the Hawes-Cutting bill upon our economic structure if it were approved, as reported by the Senate committee. It was certain, also, that nothing would be done in the next session of 1930-31, because this was a short session, and Congress would not then have time to act on such a controversial subject.

In other words, as I saw it, the situation was this: There was another perspective—worse than either of the two—namely, that a bill raising a tariff wall against our products and prohibiting Filipino immigration might be approved without change in our present political status. For the time being, the first event that I feared happened. No legislation affecting the Philippines was taken up by Congress during the sessions of 1929-30.

MY TRIP TO THE UNITED STATES

Such was the situation at this point when I decided to go to the United States.

My object was to see if I could expedite the settlement of the Philippine problem by securing an agreement on a measure that would fulfill the pledges of America to the Filipino people along lines that would promote best their interests. I felt that if I was to attain my object I had to convince the administration and win it over to my views. I also believed it necessary to find a way of satisfying the demands of those interests that thought, however wrongly, that they were injured by the importation of Philippine sugar and oil and the immigration of Filipino labor. As to Congress, it seemed to me that it was ready to take up the Philippine question and would act on the subject without much difficulty if the ground could properly be prepared.

Accordingly, upon arrival in the United States, I got in touch with representatives of the labor organizations on the Pacific coast and of the interests that are opposed to the free entry of Philippine products, bankers, merchants, newspaper publishers, Senators and Representatives, and other high Government officials.

IMPORTANCE OF THE SUPPORT OF THE ADMINISTRATION

I did my best to secure the support of the administration in our favor. It should be borne in mind that, even if it be true that there is a majority in both Houses of Congress favorable to the grant of independence, the administration can, by two means, thwart the enactment of legislation to which it is opposed. The first method is to block the passage of the bill in either House of Congress through Senators and Representatives of its own political party who are friendly to the administration; the second is for the President to veto the bill after it is passed by the Congress. And right here I want to say that I am more interested in securing the enactment of legislation beneficial to our country that would definitely settle the Philippine question in line with our national aspirations, even though it did not grant immediate, complete, and absolute independence, than in all the speeches and prospects about immediate independence, which, however brilliant and sincere, that could ensue if, after all, nothing would come out from them. It is undeniable that the great majority of the Filipino people desire immediate, complete, and absolute independence. It is also true that for 30 years we have been demanding it from the people and Government of the United States. But to date we have not succeeded. It is high time that we acted more

like practical men rather than like theorists. I admit that the situation of the Philippine cause in the United States has changed considerably, because for the first time since American occupation there are interested parties there actively working to create public opinion in favor of Philippine independence. It is also true that, partly as an outcome of this, there is the belief in Washington that there will be a majority in both Houses in the next session of Congress to carry any measure granting Philippine independence. But even in such a situation Senators and Representatives, advocates of independence, have told me that if the administration be opposed to any independence bill its enactment could not be assured.

CONFERENCES WITH THE ADMINISTRATION

Shortly after my arrival in Washington I paid an official call on the President and held conferences with Secretary of State Stimson and the Secretary of War.

Speaking with Secretary Stimson, I told him that the policy of economic development which he enunciated in the Philippines when he was governor general had received a deathblow with the attempts at a change in the economic relations between the United States and the Philippines; that, therefore, whatever might have been the opinion he had hitherto held on the Philippine question, in the interests both of the American and the Filipino peoples, the Philippine situation must be defined by the enactment of legislation to this effect. Secretary Stimson, without expressing to me any concrete opinion as to what should be done, gave the impression that whatever might be agreed upon between the Secretary of War and myself would not be objected to by him when submitted to the President.

In my conversations with the Secretary of War I expressed the gratitude of the Filipino people for the stand taken by his department in opposing the bills on Philippine importation and Filipino immigration, as well as the efforts to apply the coastwise law to the islands. Secretary Hurley expressed his appreciation and warned me as to what on these subjects might happen at the next session of Congress. I told him that it was precisely because I shared his forebodings that I was in Washington and that I wanted therefore to discuss a plan that would put an end to this situation. With respect to the free-trade and labor-immigration questions, I expressed the hope that some way could be found to harmonize the interests of the Filipinos and that of those against the free entry of our products and of Filipino laborers into the United States. I also gave it as my opinion that my people would not object to the limitation of the free entry of sugar and oil and the restriction of labor immigration so long as this was made a part of a larger program that would finally solve the Philippine problem in accordance with our national aspirations. I emphasized that the most pressing need of the islands was a definite understanding as to the political and economic relationship between the United States and the Philippines on a basis satisfactory to both peoples, and I assured him that even the Americans and foreigners here agree with the Filipinos, that the insecurity of the present relations should terminate. I described the sentiments and stand of the Filipinos thus: That the masses of the Filipino people, jointly with a great majority of farmers, merchants, and professionals, are in favor of immediate, absolute, and complete independence of the Philippines, with free trade for some time, if this were possible, and without free trade if need be.

I also told him that a minority among the farmers, merchants, and professionals would be satisfied for the present with an autonomous government in the Philippines, with free trade with the United States, even if with limitations as to sugar and oil; and that probably some of them—a very few—would prefer such a solution to complete and immediate independence. But that even the latter would want a period of, say 10 or 15 years, to be fixed (and an insignificant minority among them would probably accept a longer time) at the expiration of which the Filipino people should be given complete independence or the option to have it if they so desire. I told him finally that both the conservative and the radical Filipinos would be united in favor of immediate independence even without free trade if the only other alternative was the continuation of the present uncertainty of the political and economic relations between America and the Philippines. I then expressed the hope that the Secretary might find it advisable to recommend to the administration that it take the initiative and urge Congress to pass some legislation that might be agreed upon as between the administration and the Philippine Legislature.

NO AGREEMENT

After a series of conferences with Secretary Hurley in which we discussed all the aspects of the Philippine question—economic, political, social, and international—I found that the Secretary would not commit himself, nor did he want to commit the administration in advance, to any program requiring legislation on the part of the Congress.

In my last call on Secretary Hurley in his office in the Department of War, my last words to him were these:

"Then, Mr. Secretary, we are agreed that we did not come to any agreement, but I hope that each one will still continue to do his best for the Filipino people."

Thus ended my conferences with the Secretary of War, but I had not lost hope that once in the Philippines, whereto the Secretary and I had planned to come together, some agreement might be reached. As is known, the state of my health did not allow

me to accompany Secretary Hurley on his trip to the Philippines. In everything I said to the Secretary of War, it was understood that it was subject to the approval of the legislature.

MY STAND ON THE PHILIPPINE PROBLEM

In conferences with some Senators, among them Senators KING and HAWES, some Representatives, and high officials of the administration, I expressed my opinion that the Philippine problem could be solved satisfactorily through any one of these three procedures:

First. Immediate establishment of an independent government, with free trade between America and the Philippines for a period of 10 years, limiting the amount of sugar entering the United States free of duty to 1,000,000 tons, and of oil to the amount that is exported at present, and restriction of labor immigration into the United States.

Second. Immediate establishment of an autonomous government with all the consequent powers, including that of enacting measures considered necessary to meet the responsibilities of an independent government, when independence is granted with the restrictions necessary to safeguard the rights of sovereignty of the United States in the Philippines. For a period of 10 years the trade relations between the United States and the Philippines and the labor immigration into the United States would be governed as stated in the first plan. At the end of 10 years absolute independence of the Philippines will be granted, or the Filipino people will decide through a plebiscite whether they desire to continue with this kind of government or prefer to have one that is absolutely independent. In the latter event independence shall be granted forthwith.

Third. If neither of these plans protecting Philippine economic interests shall be acceptable to Congress, I said that the Filipino people would, as a matter of course, accept any law granting independence even under the most burdensome conditions.

The first plan found no acceptance in any quarter.

Even Senator KING (the American Senator who has been fighting for Philippine independence with the greatest zeal and disinterestedness) told me that the American people would never consent to the continuance of free trade between America and the Philippines in any form after independence has been granted us. This view is shared by all.

As to immediate independence it will be remembered that Senator Hawes himself, in answer to Secretary Stimson at the Senate hearings, stated that no one in the Senate Committee on Territories and Insular Affairs was in favor of immediate independence.

The second plan is the same idea embodied in the Hawes-Cutting bill, with the difference that the period for free trade is maintained for 10 years, while under the Hawes-Cutting bill from the second year duties will be levied at such a rate as would practically prevent the exportation of sugar, oil, and tobacco from the Philippines to the United States. In consequence of this extension of time as to trade relations, the date for independence or the plebiscite which is provided in the said Hawes-Cutting bill is also extended to 10 years.

It will perhaps be said that I deviated from the platform of my party in suggesting this second plan. I do not agree with this view. On the contrary, I think that my stand is fundamentally the same taken so far by the Nacionalista-Consolidado Party. But granting that it does not, I would not back out. This is one of the situations in which the leader of a party or a people has to decide whether to follow literally the platform of his party or to deviate somewhat from it because the prevailing circumstances and the welfare of his people so demand. My duty, as I honestly understand it, is not to stand pat on the platform of my party if in so doing I am convinced that the result would be either failure to accomplish anything in the interests of my people or to secure something injurious to them. The affairs of government are eminently practical—not theoretical. Those who have the responsibility of guiding the destinies of a nation have the solemn duty of harmonizing the lofty ideals of their people with the realities.

In all sincerity I must confess I am deeply apprehensive about the effects that the immediate termination of free trade with America will have upon our economic and social life. Especially do I feel thus because of the present world depression. The barring from the American markets of the products of industries which were created and stimulated under the shelter of a protective American tariff can not but affect our commerce. And consequently there will be a lowering of wages and a reduction in the income of the government, which is already being curtailed by the present depression. In a word, I am of the firm belief that with a sudden and abrupt termination of free trade with America there will be created here a situation of extreme difficulty for the people and the government of the Philippines. And it is not just to impose on us this hardship.

The Philippine Assembly opposed free trade between America and the Philippines on the ground that inasmuch as the Filipino people wanted to be free and independent there should not be created relations with America that would make us dependent upon the United States. Despite such opposition the American Congress passed the law establishing free trade between the two countries. It is only just, therefore, that we should be given a reasonable time in which to sever, without serious disturbance, this economic bond imposed upon us.

NET CERTAIN THAT THE NEXT CONGRESS WILL ACT ON PHILIPPINE INDEPENDENCE QUESTION

As a result of the last elections in the United States, the line-up of the political parties in the next Congress will be evenly bal-

anced. With regard to the Philippine question, however, it is the prevailing opinion in Washington that should it be put to a vote, there would be a very large majority in favor of independence. This opinion is based upon the fact that the combined votes of the Democrats who have always favored independence, the Progressives, and the regular Republicans who come from districts where sugar, dairy, and labor interests are politically influential would constitute a substantial majority. However, no one can say with certainty that Congress will act on the Philippine problem. Domestic and foreign questions of great import now confront the Government and people of the United States, and these questions will doubtless receive prior consideration. Hence the Philippines may not receive consideration at this time.

The President of the United States has not so far revealed publicly what his attitude would be in case an independence bill should be passed by Congress. It is the consensus of opinion among Members of Congress with whom I have spoken on the matter that if the President should veto such a bill there would not be a sufficient number of votes to override his veto.

SUGGESTIONS

The poor state of my health compels me, after the submission of this report, to resign as president of the senate and as head of the Nacionalista-Consolidado Party. For this reason, I entertain serious doubts whether, at a time when the leadership of the senate and of the majority party will soon pass into other hands, it would be proper for me to express views that might embarrass those who are to succeed me. Let me therefore ask you to be indulgent and consider what I am about to say as mere suggestions.

THE FRIENDSHIP OF THE UNITED STATES

We should carry on our campaign in the United States with prudence and discretion. I do not believe that America resents the Filipinos' desire for independence. The American people are liberty loving, and to the blessings of freedom they owe their prosperity and happiness. Independence has been promised us, and it is natural that we should strive for it. But let us be careful not to say or do anything which might create the impression in America that our demand for independence is due to a lack of appreciation of what America has done for us or to a dislike for Americans. We shall be particularly careful to avoid this, because, as a matter of fact, our people are grateful to America, and we are friendly to the Americans.

Let us always remember that America's friendship, even after our independence has been recognized, will be most beneficial to us. In recent years the most powerful nations of Europe and of Asia, when faced by critical situations, have had to seek the help of the United States.

MISSION TO THE UNITED STATES

I am of the opinion that the Philippine Legislature should immediately send a mission to the United States. The situation demands, more than ever, that such a mission should be headed by the responsible leaders of the Filipino people. If I were to continue as the national leader and my health permitted it, I would return immediately to the United States. But I am practically an invalid. To go now would risk my life without being able to render any service to the country, and the sacrifice would be useless. If some unofficial representatives of the community could go to the United States at their own expense, their presence in America would be helpful. I believe that the mission should not content itself with supporting bills presented by Senators or Representatives of the United States unless such bills are wholly satisfactory to us. The mission, in my opinion, should formulate and submit its own plan, which should cover in detail all the aspects of the Philippine question—political, economic, and international. If no United States Senator or Representative should sponsor such a plan, at least we would have made known what we honestly and sincerely believe to be the best solution of the Philippine problem. This does not mean that the Philippine Legislature should give specific instructions to the mission; on the contrary, I believe that the mission should be given a vote of confidence in order to be able to act with entire freedom and to get the best out of any situation that may arise. In this way, if the plan submitted by the mission should not meet with support in Congress, the mission still would be in a position to indorse whatever bill would be most beneficial to us.

SITUATION WHICH THE MISSION HAS TO FACE

I wish to make known and to present clearly to the Filipino people the situation which the mission will have to face.

On the one hand are the reactionary elements, those Americans who want America to remain here for an indefinite time, ruling us with a strong hand. They will certainly present a formidable battle, and they have on their side the majority of the newspapers with the largest circulation. I believe their representatives in Congress will resort to every manner of parliamentary device in order to block final action on any liberal Philippine legislation. And, as stated before, with so many important questions of domestic and international character demanding the attention of the American Government, it would not be difficult for them to attain their object. In other words, the first danger which threatens us is that we may not get anything, that we may not take any forward step whatever.

On the other hand are the interests which consider themselves affected by the free entry of certain Filipino products. They want this importation to cease immediately. Then there are the labor organizations which are determined to exclude Filipino immigra-

tion. While both of these elements are responsible for arousing in recent years interest in Congress on the Philippine question, we should not forget that their main purpose is not so much to free the Filipino people from American control as to free themselves from the competition of Philippine products and Filipino immigrants. If these elements could have their own way in fixing the terms and conditions under which independence is to be granted us, they would proceed without a single thought of the consequences which a sudden termination of free trade between America and the Philippines would bring about. In other words, the second danger against which we should be warned is that independence, if granted us, might be granted under burdensome conditions.

The third danger—the most unjust to us—is that no independence bill in any form may be passed, but the free entry of our products into the United States may be restricted and Filipino immigration prohibited.

WHAT I WOULD DO

What I would do if I were to face such a situation would be the following:

First. I would try to obtain immediate, absolute, and complete independence, with free trade between America and the Philippines for 10 years. I would strive for safeguards for the independence and integrity of Philippine territory through a treaty entered into by the great powers of the world. If this plan failed—

Second. I would strive for the fixing of a period necessary for our economic readjustment, after which the Filipino people will be given absolute independence, or will be free to choose whether they will have independence or not. During such period of economic readjustment the government of the Philippines will be autonomous, with a chief executive elected by the people, and with such powers as may be necessary to take all the measures designed to promote the country's political, economic, cultural, and social development, in keeping with the needs and the genius of the Filipino people. I would give my consent to the intervention and control of America over those matters which directly or indirectly might affect our international relations until the complete separation between the two countries shall have been effected.

Third. If I saw that none of the plans above outlined had any probability of being approved, I would support any measure which would insure some action by the next Congress on the Philippine question. This means that I would accept immediate, absolute, and complete independence without free trade or any other plan that would put an end to the present uncertainty and American control of our government and which will bring us nearer to the full attainment of our national ideals.

PROBLEMS OF LOCAL CHARACTER

Not only because the revenues of the government have already been impaired by the business depression, but also because of new responsibilities which we may have to assume, we should proceed immediately to study how to cut down the expenses of the government of the Philippines and to reduce the salaries of our officials in proportion to the resources of our country. I am gratified to know that the legislature already has taken the first steps to this end.

We should not encourage the further expansion of industries which depend upon the protected American market. Existing industries should reduce the cost of production and strive to be in a position to compete in the markets of the world. New products of local consumption and those which do not depend on American protection are the needs of the future.

With respect to our laborers, I believe that for the present, at least, they should prefer to stay in the Philippines, because their work is needed here more than ever before for the development of our natural resources. Furthermore, in the United States there are many millions of unemployed Americans, and it is not easy for the Filipinos to find employment. I was informed that many Filipinos were without jobs and in extreme misery to the extent that as a result they have been taken ill and have died. No Filipino laborer should go to America or anywhere else in search of work unless he is assured of employment or has the means with which to support himself until he can find work, and, in case of failure, enough for his fare back home.

THE SECRETARIES OF STATE AND WAR AND THE RESIDENT COMMISSIONERS

I wish to render public testimony of my appreciation of the courtesies of Secretary Stimson and Secretary Hurley extended to me during my stay in Washington. Although I did not come to any agreement with them, I must say that, in my opinion, they are sincerely interested in the welfare of the Filipino people.

Resident Commissioners GUEVARA and OSIAS lent me their loyal cooperation. These two Commissioners are doing excellent work in the United States. The Philippine Legislature in reelecting them has merely done them justice and acted in accordance with the best interest of our country.

CONCLUSION

I wish to make public recognition of the benefits that our people have received from the United States. We owe much to America. The unprecedented progress of our country is the result of the joint efforts of Americans and Filipinos. I am, however, constrained to declare that, in the interests both of the United States and the Philippines, the present relation between them, which is that of the ruler over the subject, must terminate. Our relations with the American people, if there are to be any, must be inspired by the principle of self-determination and voluntary partnership.

It is only thus that an effective and cordial cooperation between America and the Philippines may be secured in a common design to promote the moral and material interests of both peoples. Respectfully submitted.

THE PHILIPPINE LEGISLATURE,
Manila, P. I.

PRODUCTION COSTS OF COPPER (S. DOC. NO. 28)

The VICE PRESIDENT laid before the Senate a communication from the chairman of the United States Tariff Commission, transmitting, in compliance with the Senate Resolution No. 434, of February 5, 1931 (71st Cong.), the report of an investigation made by the commission under section 332, Title III, of the tariff act of 1930, of the differences in cost of production during the calendar years 1928, 1929, and 1930, between foreign articles and domestic articles included in paragraph 1658 (copper) of said act, which, with the accompanying report, was ordered to lie on the table and to be printed.

REPORTS OF FEDERAL TRADE COMMISSION ON CHAIN STORES

The VICE PRESIDENT laid before the Senate three communications from the chairman of the Federal Trade Commission, dated December 22, 1931, transmitting reports in response to Senate Resolution No. 224 (70th Cong., 1st sess.), of May 5, 1928, which were referred to the Committee on the Judiciary and ordered to be printed, as follows:

Report on the Wholesale Business of Retail Chain Stores (S. Doc. No. 29);

Report on the Scope of the Chain-Store Inquiry (S. Doc. No. 31); and

Report on Sources of Chain-Store Merchandise (S. Doc. No. 30).

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Board of Supervisors of the City and County of San Francisco, Calif., favoring amendment of the Volstead Act so as to permit the sale, distribution, and consumption of beverages with an increased alcoholic content, which were referred to the Committee on the Judiciary.

He also laid before the Senate a letter from Henry Green, of New York, N. Y., favoring abandonment of the gold standard in the United States, and stating that "the adoption of either the silver standard or bimetallism in its stead is a matter of secondary importance," etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate a communication from Everett Colby, chairman of the National World Court Committee, at New York, N. Y., transmitting a statement with respect to the adherence of the United States to the Permanent Court of International Justice, and calling attention to the following indications of the persistent belief of important groups representing large sections of American public opinion, favoring the ratification of the World Court protocols, as follows: First, a list of organizations which, since January 1, 1930, have recommended favorable action on the three court protocols; and, second, a list of the names of 5,819 individuals from the 48 States who are urging prompt approval of these protocols by the Senate, which, with the accompanying statement, was referred to the Committee on Foreign Relations.

Mr. BARBOUR presented a resolution unanimously adopted by citizens at a peace mass meeting in Ridgefield Park High School Auditorium, New Jersey, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. BINGHAM presented resolutions adopted by the Portland Chapter, National Aeronautic Association, of Portland, Oreg., favoring the making of sufficient appropriations for the maintenance and training of the Air Corps Reserve, which were referred to the Committee on Appropriations.

Mr. SHEPPARD presented a resolution adopted by the Texas Conference of the Methodist Episcopal Church South, favoring the inclusion of trained reserves in estimating the armed forces of the various nations participating in the forthcoming disarmament conference, and also favoring action by the Senate to carry out the purpose of the reso-

lution, which was referred to the Committee on Foreign Relations.

Mr. TYDINGS presented petitions of sundry citizens of Baltimore, Md., praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

ENROLLED JOINT RESOLUTION PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on December 21, 1931, that committee presented to the President of the United States the enrolled joint resolution (S. J. Res. 39) extending the time within which the War Policies Commission is required to submit its final report.

SURVEY OF INDIAN CONDITIONS

Mr. FRAZIER, from the Committee on Indian Affairs, submitted a partial report (No. 25), pursuant to Senate Resolutions 79 and 308, Seventieth Congress, and Resolutions 263 and 416, Seventy-first Congress, relative to Indian tribal and trust funds, with especial reference to the Mescalero Apache Reservation of New Mexico, which was ordered to be printed.

REPORT OF THE SELECT COMMITTEE ON SENATORIAL CAMPAIGN EXPENDITURES (S. REPT. NO. 24)

Mr. NYE. Mr. President, from the Select Committee on Senatorial Campaign Expenditures, I desire to file with the Senate a report pursuant to Senate Resolution No. 403 of the last Congress. I ask that it may be printed and a copy placed on the desk of each Senator, and that it also may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The report is as follows:

[Senate Report No. 24, Seventy-second Congress, first session]
CAMPAIGN CONTRIBUTIONS AND EXPENDITURES OF ANTI-SMITH DEMOCRATS, 1928

Mr. NYE, from the Select Committee on Senatorial Campaign Expenditures, submitted the following report, pursuant to Senate Resolution 403:

SELECT COMMITTEE ON SENATORIAL CAMPAIGN EXPENDITURES

The Select Committee on Senatorial Campaign Expenditures was authorized and directed by the provisions of Senate Resolution 403 (agreed to January 5, 1931) "to investigate any complaint made before such committee by any responsible person or persons, alleging (1) the violation, at any time within two years preceding the adoption of the aforesaid resolution, of any provision of the Federal corrupt practices act, 1925, involving a false statement of campaign expenditures, or (2) a fraudulent conversion to private uses, at any time within such period of two years, of any campaign funds contributed for use in any election as defined in the Federal corrupt practices act, 1925."

Such charges were filed by Hon. GEORGE HOLDEN TINKHAM, a Representative in Congress, under date of January 21, 1931, alleging violation of the Federal corrupt practices act by Bishop James Cannon, jr., and requesting specifically examination of the disposition of contributions amounting to \$65,300 received from E. C. Jameson, of New York.

In accordance with the authorization and directions of the resolution above referred to, the committee assigned its representatives to conduct a preliminary investigation of the charges filed by Mr. TINKHAM and held public hearings upon February 11, May 7, and August 25, 26, 27, and 28, 1931.

The charges above referred to related primarily to the handling of political contributions made during the presidential campaign of 1928 to a committee known as the headquarters committee, Anti-Smith Democrats, which sought to influence the results of the election in a number of States and which was, therefore, subject to the provisions of the Federal corrupt practices act, 1925. The officers of this committee were Bishop James Cannon, jr., chairman; Rev. J. Sidney Peters, secretary; Miss Ada L. Burroughs, treasurer.

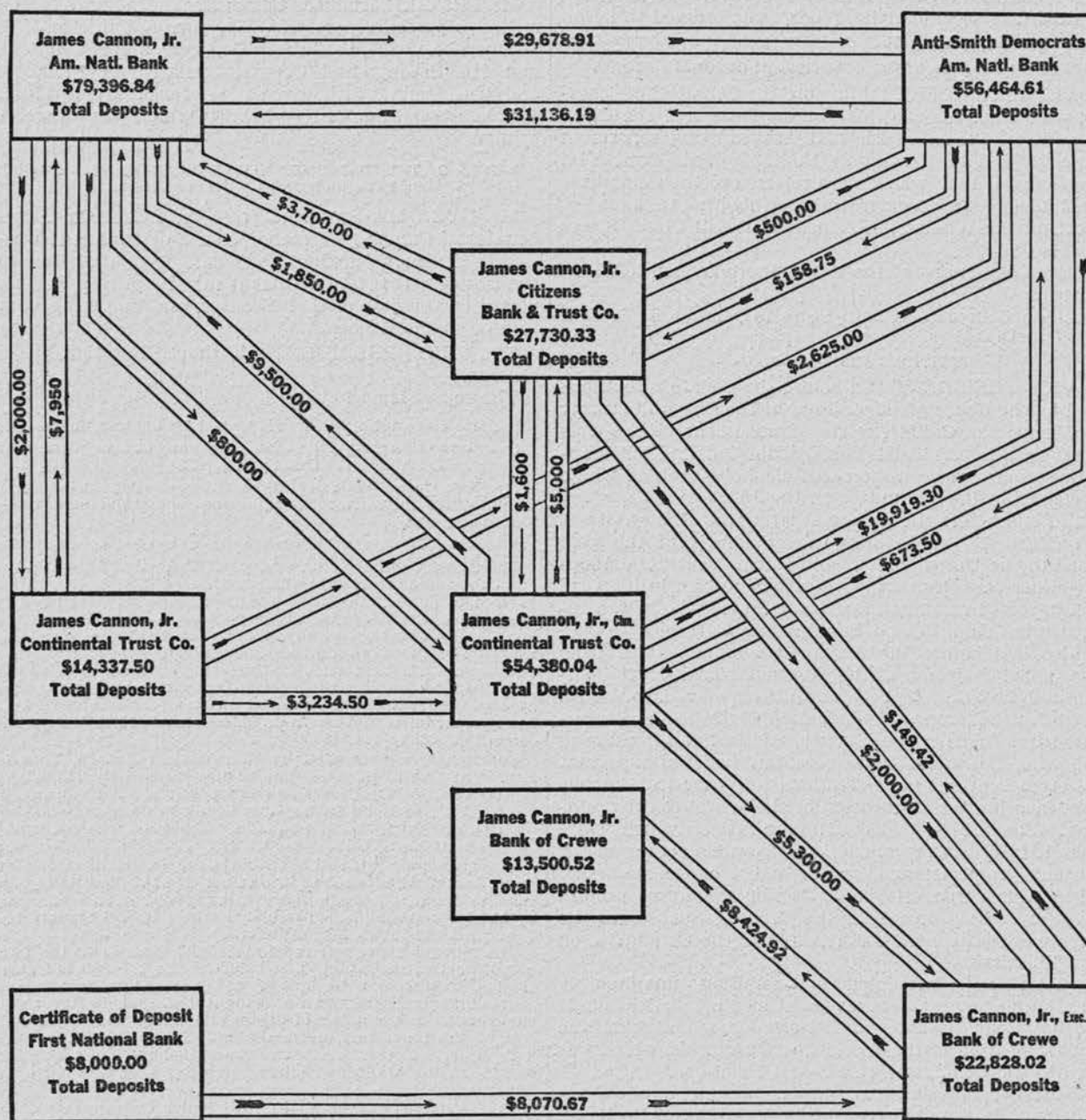
The headquarters committee, Anti-Smith Democrats, was formed pursuant to a conference held in Asheville, N. C., on July 18 and 19, 1928, in response to a "call" issued in the names of Bishop James Cannon, jr., and Rev. A. J. Barton. The purpose of the organization, as stated both in the "call" and in the formal "declaration" issued by the conference, was "the election of dry Democratic senatorial, congressional, and State nominees and the defeat of the wet Tammany candidate for President." Hundreds of thousands of copies of the "declaration" containing this statement were printed by the headquarters committee, and it was used in connection with the solicitation of campaign contributions, including the funds solicited and received from E. C. Jameson.

The fact that the headquarters committee was active in a number of States and that its funds were solicited for the purpose of influencing the election of Senators and Representatives, as well as the presidential candidate, is cited in order that it may be clear that the transactions of this organization are clearly subject to the provisions of the Federal corrupt practices act and within the jurisdiction of a committee duly authorized to conduct inquiries by the United States Senate.

any of the books and papers which had been previously produced in response to lawfully issued subpoenas and asking further that the testimony already existing both in written and printed form be destroyed. After a brief hearing, in which the committee was represented by Mr. Elisha Hanson as counsel, this petition was promptly denied by Judge Joseph W. Cox.

The treasurer of the headquarters committee, Anti-Smith Democrats, Miss Ada L. Burroughs, upon being summoned to appear as

Accounts and Special Deposits of James Cannon, Jr. and Anti-Smith Democrats



The investigations of the committee have, nevertheless, been greatly impeded by the attitude of the officers of the headquarters committee, who are the only persons having first-hand knowledge of the transactions of that organization. The chairman of the committee, Bishop James Cannon, jr., has persistently challenged the jurisdiction of the Senate Committee on Campaign Expenditures, as he previously challenged the jurisdiction of the Senate Lobby Investigating Committee. In the midst of the committee's investigations suit was filed by him in the Supreme Court of the District of Columbia petitioning for a writ of prohibition to prevent the committee from taking further testimony or examining

a witness on May 7, 1931, likewise challenged the jurisdiction of the committee and persistently refused to answer any of the questions propounded to her. These questions, all of which related to the contributions and expenditures of a political committee operating in two or more States, are set forth upon pages 71 to 75 of the hearings of this committee held on May 7, 1931.

After the investigations of the Senate committee had revealed numerous apparent violations of the Federal corrupt practices act and many unexplained discrepancies between the bank accounts in which political funds were deposited and the reports rendered on behalf of the headquarters committee to the Clerk of the House,

Miss Burroughs was again subpoenaed by the committee and appeared as a witness on August 27, 1931, but again refused to testify. After certain specific questions clearly within the jurisdiction of the committee had been propounded, Miss Burroughs was asked:

"The CHAIRMAN. Are you declining to answer any questions relating to the receipts and expenditures of the headquarters committee, Anti-Smith Democrats?"

"Miss BURROUGHS. Yes."

Miss Burroughs's attention was directed to the fact that subsequent to her first appearance before the committee the Supreme Court of the District of Columbia had refused to grant the petition filed by Bishop Cannon challenging the jurisdiction of the committee and requesting a writ of prohibition against its further proceedings. She was also warned by the chairman as to the possible legal consequences of her refusal to testify.

The secretary of the headquarters committee, Anti-Smith Democrats, Rev. J. Sidney Peters, was also summoned as a witness before the Senate committee on August 28, 1931. Mr. Peters appeared in response to the committee's subpoena, but declined to answer any questions, either general or specific, relating to the receipts and expenditures of the headquarters committee, Anti-Smith Democrats.

It had previously been shown by the testimony before this committee that Mr. Peters was not only an officer of the headquarters committee but also that he was in charge of its work during the absence of Bishop Cannon, had full knowledge of its activities, and personally participated in the solicitation and expenditure of its funds. Mr. Peters's testimony was particularly desired by the committee in order to establish the facts with reference to the solicitation by mail of contributions to pay off an alleged deficit of some \$6,500, which was more than covered by two contributions totaling \$7,300 made by Mr. E. C. Jameson subsequent to the close of the campaign.

In view, however, of the fact that the constitutional grounds upon which Miss Burroughs and Mr. Peters refused to testify have been made the basis for a demurrer in the case of United States v. Cannon and Burroughs, a decision upon which is now pending in the Supreme Court of the District of Columbia, the committee does not at this time recommend any action by the Senate. Such action can be taken when the constitutional question has been judicially determined.

The committee's investigation was also rendered difficult by the fact that the books and records of the headquarters committee were not accessible and that more than two years had elapsed since the date of transactions under consideration. As a result telegrams, records of telephone messages, and detailed bank records, all of which are customarily destroyed at the end of a year, were unavailable. Substantially the only records available were, therefore, the reports filed by the treasurer of the headquarters committee, Anti-Smith Democrats, with the Clerk of the House of Representatives and the bank statements and deposit slips of the several bank accounts in which the committee has ascertained, after tedious and difficult investigation, that political funds collected by or on behalf of the Anti-Smith Democrats had been deposited. The task was also complicated by reason of the fact that Bishop Cannon received a large part of the funds which he handled during the campaign in the form of cash, the disposition of which it is practically impossible to trace.

Nevertheless, through the painstaking and patient work of Mr. Basil Manly, who acted as special assistant to the committee in this investigation, and that of Mr. Edward M. Daniel and Mr. W. Hunter Baldwin, it was found possible, even with these fragmentary records, to prepare a substantially complete analysis of the sources and disposition of these funds.

The evidence before the committee shows that, although Miss Ada L. Burroughs was the nominal treasurer of the headquarters committee, Anti-Smith Democrats, the funds of that organization were in fact largely handled by the chairman, Bishop James Cannon, jr.

On July 24, 1928, soon after the formation of the committee, an account was opened with the American National Bank (now American Bank & Trust Co.), Richmond, Va., in the name of "Anti-Smith Democrats," checks to be signed by the treasurer, A. L. Burroughs, and countersigned by the chairman, James Cannon, jr. This was the only account, so far as this committee has been able to determine, which stood in the name of the Anti-Smith Democrats or any affiliated or subsidiary organization and to which Miss Burroughs, as treasurer, had access.

The funds which were secured as contributions to the Anti-Smith Democrats were, however, deposited either during the campaign or after its close in a number of other accounts, all of which were subject to check or withdrawal only by James Cannon, jr. In all, 10 accounts were utilized in connection with the handling of these funds:

1. Account of the "Anti-Smith Democrats" in the American National Bank, Richmond, Va.

2. Account of James Cannon, jr., American National Bank, Richmond, Va. This was a personal account of long standing.

3. Account of James Cannon, jr., Continental Trust Co., Washington, D. C. This was a political account, opened on August 6, 1928.

4. Account of James Cannon, jr., chairman, Continental Trust Co., Washington, D. C. This was also a political account, to which the balance of the preceding account was transferred on October 11, 1928.

5. Account of James Cannon, jr., Citizens Bank & Trust Co., Blackstone, Va. This was a personal account of long standing.

6. Certificate of deposit in name of James Cannon, jr., Citizens Bank & Trust Co., Blackstone, Va. This was a time deposit of political funds withdrawn from the account of James Cannon, jr., chairman, in the Continental Trust Co., ultimately transferred to the personal account of James Cannon, jr., in the same bank.

7. Certificate of deposit in name of James Cannon, jr., First National Bank, Blackstone, Va. This was a time deposit of \$8,000 of political funds received from E. C. Jameson, ultimately transferred to account of James Cannon, jr., executor.

8. Certificate of deposit in name of James Cannon, jr., executor, in Bank of Crewe, Crewe, Va. This was a time deposit of political funds withdrawn from the account of James Cannon, jr., chairman, in the Continental Trust Co., ultimately transferred to savings account of James Cannon, jr., executor, in the same bank.

9. Account of James Cannon, jr., executor, Bank of Crewe, Crewe, Va. This was a savings account in which political funds received from Jameson and withdrawn from the account of James Cannon, jr., chairman, were deposited.

10. Account of James Cannon, jr., Bank of Crewe, Crewe, Va. This was a savings account to which funds were transferred from the account of James Cannon, jr., executor, in the same bank.

As an aid to understanding the complex interrelations of the several accounts the committee submits herewith a diagram (Chart A) which was placed in evidence during its hearings.

Except for the two long-standing personal accounts in the American National Bank and the Citizens' Bank & Trust Co., these several accounts were opened by Bishop Cannon during or soon after the close of the campaign and became the depository of the political funds in varying amounts. In addition, Bishop Cannon maintained a safe-deposit box in the American National Bank at Richmond, Va., to which Miss Burroughs had access as his deputy and to which there were frequent entries both by Bishop Cannon and Miss Burroughs during the period of the campaign. It would appear reasonable, as indicated by Bishop Cannon's testimony before the lobby investigating committee (p. 4834), that this box was used as the depository for some of the large amounts of cash which were received as campaign contributions, a total of \$27,550 in cash having been secured from E. C. Jameson alone.

The account in the Continental Trust Co. was opened originally on August 6, 1928, in the name of James Cannon, jr. In opening this account Bishop Cannon wrote to Mr. C. W. Warden, vice president of the Continental Trust Co.:

"It is thought wise to keep three separate accounts of the expenditures of our committee to defeat Al Smith, and I have decided to open one of these three accounts with the Continental Trust Co. * * * Send me pocket check book, as there will probably be checks made on the account of such amounts as will be needed to meet special work and not small bills."

Later, on October 11, 1928, a new account was opened in the Continental Trust Co. in the name of "James Cannon, jr., chairman," to which the entire balance then remaining in the account of James Cannon, jr., was transferred.

Analysis of the funds passing through these two accounts reveals the following results as regards the source and disposition of the moneys:

Analysis of accounts of James Cannon, jr., and James Cannon, jr., chairman, Continental Trust Co.

SOURCE OF DEPOSITS

Funds contributed by E. C. Jameson	\$29,750.00
Other large contributions	17,450.00
Probable large contributions	1,800.00
Small contributions	5,130.49
James Cannon, jr.	6,565.55
Currency, bills, etc.	7,150.00
Anti-Smith Democrats	871.50
Total	68,717.54

DISPOSITION OF WITHDRAWALS

James Cannon, jr.:	
Deposited in personal account, American National Bank	\$17,450.00
Certificate of deposit, Citizens Bank & Trust Co.	5,000.00
Certificate of deposit, Bank of Crewe	5,300.00
Paid on personal note, First National Bank	528.00
	28,278.00
Anti-Smith Democrats	22,544.30
Unaccounted for	17,895.24
Total	68,717.54

Eliminating duplications arising from transfers from one account to another, the total amount of political contributions handled by Bishop Cannon and Miss Burroughs during or immediately following the presidential campaign of 1928 appears to have aggregated approximately \$133,000.

This total was made up of the following items:

Deposited to account of Anti-Smith Democrats, American National Bank, Richmond, Va. (\$58,708.61), less \$17,300 credited to Jameson contribution, Feb. 11, 1929, duplicating deposits in Continental Trust Co. and cash contributions	\$41,408.61
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Deposited to accounts of James Cannon, jr., and James Cannon, jr., chairman, in the Continental Trust Co., Washington, D. C. (\$68,717.54), less amounts (\$22,544.30) transferred to Anti-Smith Democrats' account.....	\$46,173.24
Certificate of deposit in First National Bank, Blackstone, Va., James Cannon, jr.....	8,000.00
Cash received from E. C. Jameson.....	27,550.00
Cash received from Joseph S. Frelinghuysen.....	10,000.00
Total.....	133,131.85

The amount can not be exactly determined from the available evidence, because of the fact that a large number of deposits, ranging in amounts from \$1 to \$500, listed in the account of James Cannon, jr., in the Citizens Bank & Trust Co., which appear to be campaign contributions, can not be positively identified as such without locating and examining the contributors. (See testimony of Booker, hearings, pp. 101-102.)

Of this aggregate of \$133,000, by far the largest amount was contributed by Mr. E. C. Jameson, of New York. In all, Mr. Jameson contributed a total of \$65,300 in the following amounts:

Date	Amount	Form in which received
Sept. 18, 1928.....	\$10,000	Jameson checks.
Sept. 28, 1928.....	10,000	Cashier's checks, \$9,750; cash, \$250.
Oct. 9, 1928.....	10,000	Cash.
Oct. 16, 1928.....	5,000	Jameson check.
Do.....	5,000	Do.
Oct. 19, 1928.....	10,000	Cash.
Do.....	8,000	Cashier's check.
Dec. 6, 1928.....	4,300	Cash.
Jan. 14, 1929.....	3,000	Do.
	65,300	

The committee has been impressed with the fact that, although other political contributions which Mr. Jameson made during the presidential campaign of 1928, amounting to more than \$100,000, were drawn to the order of the treasurers of the respective organizations, none of the checks above referred to were drawn either in the name of the treasurer or any organization. With the exception of the two checks for \$5,000 each, dated October 16, which were drawn to the order of James Cannon, jr., all the checks above listed were drawn to the order of "cash," "bearer," or some other anonymous designation. The committee's investigation further shows that \$27,550 of the above contributions was immediately converted into cash by Bishop Cannon or by Mr. Jameson's secretary at Bishop Cannon's request.

Of the \$65,300 contributed by Mr. Jameson, \$29,750 was deposited in the accounts of James Cannon, jr., and James Cannon, jr., chairman, in the Continental Trust Co.; \$8,000 was placed upon certificate of deposit to the credit of James Cannon, jr., in the First National Bank, Blackstone, Va., and \$27,550 was converted into cash, the final disposition of which the committee has found it impossible to determine.

There are several points connected with the Jameson contributions with reference to which the committee was unable to secure any satisfactory explanation. In the first place, although the first of the Jameson checks for \$10,000 was dated September 18, 1928, the letter from Bishop Cannon soliciting contributions from Mr. Jameson, and which would appear upon its face to be the first communication upon the subject, is dated September 19, 1928. The office stamp upon the back shows that it was actually received upon September 20. Mr. Jameson was unable to explain how it was that he made this large contribution before he received Bishop Cannon's request.

A possible explanation may be found in a telegram dated September 8, 1928, from the late James W. Good, western manager of the Republican campaign, to Mr. Jameson, which read:

"Bascom Slemp is working on a plan for independent organization, and we are anxious to carry out this plan. He will talk with you about it. Please give him all the assistance possible."

To this Mr. Jameson replied on September 11:

"Your telegram received. I had a talk with Bascom Slemp and Senator Frelinghuysen yesterday, and he is fixed up so that he can go ahead and work out the independent organization as planned."

Mr. Jameson could not recall what independent organization was discussed, but Mr. Slemp testified that he saw Mr. Jameson about this time and talked to him about Bishop Cannon's work. (Hearings, pp. 78 and 81.)

Another unexplained transaction, indicating the receipt of funds from Mr. Slemp, which are not accounted for in the reports filed with the Clerk of the House, is referred to in a letter which Bishop Cannon, under date of October 13, 1928, wrote Mr. Jameson, as follows:

"I am also writing to tell you that Mr. Slemp has already paid three-quarters of the amount that he pledged the other morning, and he promises to have all of it in our hands by Monday; so that is cared for. It is very important that I get the balance on Friday, the 19th. I hope to be able to be in New York at that time and would prefer to have it all in cash. I hope that arrangement will be satisfactory to you."

Although both Mr. Jameson and Mr. Slemp were closely examined by the committee with reference to the amount "pledged by Mr. Slemp," neither of them was able to give any satisfactory

explanation. The letter clearly implies that Mr. Jameson had knowledge of some amount pledged by Mr. Slemp, but Mr. Jameson was unable to recall any such transaction. (Hearings, p. 242.) Mr. Slemp suggested that it might refer to a contribution of \$7,500 which he had made, \$5,000 of which was sent to Richmond to be used in cooperation with Bishop Cannon. When his attention was directed to the fact that this transaction occurred early in August, more than two months prior to the letter above quoted, Mr. Slemp stated that he could not explain it. (Hearings, p. 86.)

All of the total amount of \$65,300 contributed by E. C. Jameson, except \$3,000, was paid before January 1, 1929, and under the provisions of the Federal corrupt practices act should have been reported in the statements filed with the Clerk of the House of Representatives during the campaign and on January 1, 1929. None of this money was so reported and, in the opinion of the committee, this failure to report any of these contributions upon the dates specified in section 305 constitutes a violation of the act.

None of it was reported in any way until Senator STEWART, chairman of the committee on presidential campaign expenditures, wrote Mr. Jameson on February 8, 1929, asking him for a complete list of his contributions. On February 12 Bishop Cannon telegraphed Mr. Jameson, who was then in Florida:

"After careful examination records, think statement should be 'paid headquarters committee, Anti-Smith Democrats, \$17,300. Paid Virginia committee, Anti-Smith Democrats, \$48,000, making total \$65,300.' This will correspond with our official reports."

On February 11, 1929, the day before Bishop Cannon sent the above telegram to Mr. Jameson, a check for \$17,300 was drawn upon the personal account of James Cannon, jr., in the American National Bank of Richmond to the order of the Anti-Smith Democrats and an entry was made by Miss Burroughs in her accounts:

"February 11. Received from James Cannon, jr., donation of E. C. Jameson, New York, \$17,000."

The discrepancy of \$300 between the amount which Miss Burroughs entered in her statement and the amount of the check as drawn and as stated in Bishop Cannon's telegram of February 12, 1929, may be noted.

At the same time a check for substantially the same amount, \$17,364.11, was drawn on the account of the anti-Smith Democrats and deposited in Bishop Cannon's personal account. That this was a mere "wash transaction" is clearly indicated by the fact that at the time these checks, amounting to more than \$17,000 each were drawn, the balance in the account of James Cannon, jr., was only \$549.81, while the Anti-Smith Democrat account shows an overdraft of \$81.62.

In accounting for the payment of more than \$17,000 to Bishop Cannon upon February 11, Miss Burroughs made entries in her account filed with the Clerk of the House, as follows:

Feb. 11. James Cannon, jr., refund for money advanced Anti-Smith Democrats in North Carolina.....	\$5,000.00
James Cannon, jr., refund for money paid Guardian Publishing Co., Richmond, printing.....	4,926.29
James Cannon, jr., refund on money advanced to L. C. Branscomb, Anniston, Ala., for publicity work.....	200.00
James Cannon, jr., refund on money advanced to Rev. Bob Jones, Florida, for travel expenses.....	250.00
James Cannon, jr., for cash advanced by him from time to time to meet current expenses...	6,394.46
James Cannon, jr., refund on money advanced to Dr. A. C. Millar, Little Rock, Ark., for advertising and publicity.....	537.36

The investigations of the committee threw considerable light upon some of these items entered as refunds. With reference to the refund of \$5,000 for money advanced to the Anti-Smith Democrats of North Carolina, W. H. Wood, who acted as treasurer of that committee in North Carolina, testified under oath before the committee that the \$5,000 which he received from Bishop Cannon was drawn upon the International Germanic Trust Co., of New York. A deposit slip showing deposit of a check for \$5,000 drawn upon this bank was placed in evidence. With the information furnished by Mr. Wood the committee traced this check to the account of Claudius H. Huston, subsequently chairman of the Republican National Committee. Later, when Bishop Cannon stated that he had received no money from Mr. Huston, Mr. Wood upon a rechecking of his bank statement ascertained that an additional check in the amount of \$5,000 was received by him at about the same time, drawn against the account of James Cannon, jr., chairman, in the Continental Trust Co., of Washington, D. C., and so informed the committee by letter. In either event, it is clear that the \$5,000 which was sent to Mr. Wood did not represent a personal advance of funds by Bishop Cannon.

Furthermore it may be noted that the report which had been filed by Miss Burroughs under date of December 31, 1928, had listed no unpaid obligations and had stated that the amount due on loans was \$7,004.31, whereas, on February 11, 1929, alleged refunds amounting to \$17,308.11 were listed as having been paid to Bishop Cannon.

The committee has been impressed also with certain peculiarities which appear upon the face of the reports filed by the treasurer of the headquarters committee, Anti-Smith Democrats, with the Clerk of the House of Representatives, in accordance with the Federal corrupt practices act, 1925. It is noted that almost with-

out exception the items appearing in those reports relating to alleged loans from James Cannon, Jr., are entered in such manner as to indicate that they were inserted at a different time and sometimes upon a different typewriter from that used in the preparation of the body of the report. There is also a discrepancy between the reports bearing the same date filed with the Clerk of the House and the Secretary of the Senate, although they should have been exact duplicates. It is noted also that these reports list contributions alleged to have been received in amounts of less than \$100 in totals considerably exceeding the aggregate amount of deposits in items of less than \$100 during the same period in the various bank accounts.

In viewing these omissions and discrepancies in the official reports which were filed on behalf of the headquarters committee, Anti-Smith Democrats, the committee has been impressed by the suggestion appearing in a letter dated September 15, 1928, addressed by Bishop Cannon to Mr. W. C. Gregg, of Hackensack, N. J., which read in part as follows:

"Referring to the fact that all funds which are used under the auspices of the Anti-Smith Democrats must be reported by our treasurer as used for political purposes, I would say that if you prefer that your contributions should not appear in the report of the committee, it can be utilized in the literature campaign of the Board of Temperance and Social Service of the Methodist Episcopal Church South, which can concentrate to that extent to the amount of \$500 especially in Tennessee.

"We are carrying on two kinds of work. Through our board of temperance and social service we are distributing literature which emphasizes very strongly the prohibition issue without calling the names of the candidates, but making, in my judgment, equally as effective an appeal for Mr. Hoover and against Smith as the literature which backs up directly the personal candidacy." (Hearings, p. 266.)

This letter, which was written early in the campaign, would appear to indicate the existence of a plan by which funds contributed to influence the result of the election would not appear in the official reports of the organization.

Reverting to the statement in Bishop Cannon's telegram to Mr. Jameson, of February 12, 1929, that \$48,000 of the Jameson contributions was "paid Virginia committee, Anti-Smith Democrats," the committee has been unable to discover any substantial evidence to indicate that there was in fact a separate committee of Anti-Smith Democrats for the State of Virginia. On the contrary, the testimony of witnesses before the committee who were in a position to have knowledge of the facts was to the effect that there was no such organization and that all matters relating to the campaign in Virginia were handled out of the office of the headquarters committee, Anti-Smith Democrats. The correspondence which passed between Bishop Cannon and Mr. Jameson, soliciting his contributions, is written upon the stationery of the headquarters committee, and the language used in the various letters indicates clearly that the Jameson contributions were being solicited for general use throughout the South. (Hearings, pp. 221, 225, 227, 228, 262.) Mr. Jameson testified that he had no knowledge of any separate Virginia committee (hearings, p. 230), and that he had made his contributions generally to the Anti-Smith Democrats (hearings, p. 228).

During his appearance before the committee Mr. Jameson was asked:

"The CHAIRMAN. Mr. Jameson, if you had not received from James Cannon, Jr., the telegram suggesting how you should or how he would like to have you make your report of your contributions to him, how would you have reported these contributions?

"Mr. JAMESON. I do not know; I can not answer that." (Hearings, p. 229.)

Further Mr. Jameson was asked:

"The CHAIRMAN. Prior to that telegram you had never heard, had you, of a separate Virginia committee?

"Mr. JAMESON. I do not remember of doing so."

In this connection it may be noted that the only accounting for the expenditure of the \$48,000 alleged to have been contributed by Mr. Jameson to the Virginia committee was in the form of a public statement issued by Bishop Cannon and published in newspapers of June 5, 1930, which read in part as follows:

"The \$48,300 contributed by Mr. Jameson used in the Virginia State campaign was applied as follows: General purposes of State work, including speakers, travel, automobiles, postage, etc. (round numbers), \$16,000; for county and precinct organization, election-day work, etc., first congressional district, \$2,000; second, \$4,500; third, \$6,500; fourth, \$2,200; fifth, \$4,000; sixth, \$3,000; seventh, \$3,000; eighth, \$2,500; ninth, \$2,100; tenth, \$2,500; total, \$48,300."

The discrepancy between the \$48,300 here accounted for and the \$48,000 stated as having been "paid Virginia committee, anti-Smith Democrats" in Bishop Cannon's telegram of February 12, 1929, may be noted.

During the hearing the committee had before it Dr. S. E. Hughes who, during the campaign of 1928, was chairman of the Anti-Smith Democrats in Danville, Va., the center of the fifth congressional district in which, according to the statement just quoted, \$4,000 was spent. Doctor Hughes stated that he had no knowledge of any Virginia Anti-Smith Democrat committee other than the headquarters committee and that he received no funds for the campaign from Bishop Cannon.

His testimony was in part as follows:

"The CHAIRMAN. Did Bishop Cannon come into Danville during the campaign?

"Mr. HUGHES. Yes, sir; he made one address there.

"The CHAIRMAN. Did you confer with Bishop Cannon at the time of his visit?

"Mr. HUGHES. Bishop Cannon had dinner with me the evening he was there.

"The CHAIRMAN. Did he say anything at the time as to the availability of money for use down there?

"Mr. HUGHES. If I remember correctly, he said to me he hoped we would be able to finance our own campaign in Danville; if we needed a little money we could call on him and he would see what he could do, but I do not think we ever called. That is my recollection.

"The CHAIRMAN. Did he give you or send you any money?

"Mr. HUGHES. He did not.

"The CHAIRMAN. Did you or your committee make any contributions to the headquarters committee at Richmond?

"Mr. HUGHES. Not that I know of.

"The CHAIRMAN. Or to Bishop Cannon?

"Mr. HUGHES. Not that I know of.

"The CHAIRMAN. Did you have knowledge of any other committee functioning in Virginia, any committee other than the headquarters committee at Richmond?

"Mr. HUGHES. No, sir.

"The CHAIRMAN. Did you know anything of a Virginia Anti-Smith committee?

"Mr. HUGHES. I knew nothing at all about it except the committee in Richmond, the headquarters.

"The CHAIRMAN. That is all, Doctor. Thank you." (Hearings, p. 315.)

The committee also heard the testimony of Mr. H. G. Luhring, who was treasurer of the Greater Norfolk Anti-Smith Club, operating in the second congressional district, in which \$4,500 is said to have been expended. Mr. Luhring testified that he knew of no Virginia Anti-Smith committee, except the headquarters committee (hearings, p. 311); that the only money which he received or of which he had knowledge as being received from Bishop Cannon or the Anti-Smith Democrats was the sum of \$200 which he secured from Rev. J. Sidney Peters out of headquarters committee funds to assist in covering expenses of the Norfolk headquarters (hearings, p. 305, etc.). He stated that it would be hard for him to believe that \$4,500 was expended in that district by the Anti-Smith Democrats in addition to what passed through his hands. (Hearings, p. 310.)

The committee is also impressed by the fact that the representatives of the Guardian Publishing Co., which did substantially all the printing used by the Anti-Smith Democrats during the campaign, stated that they had no knowledge of any committee except the headquarters committee and that all of the printing, including sample ballots for the State of Virginia, was ordered through the headquarters committee. (Hearings, pp. 291, 293.)

This impression is reinforced by the fact that the accounts of the headquarters committee, Anti-Smith Democrats, as reported to the Clerk of the House by Miss Burroughs, include a large number of items, which appear to relate exclusively to the conduct of the campaign in the State of Virginia, which would properly have been charged to and paid by the Virginia committee, if that committee had in fact been organized as a separate entity distinct from the headquarters committee. Among such items are, for example, expenses of Norfolk headquarters, expense of Fredericksburg (Va.) meeting, city of Richmond auditorium, rental of hall in Norfolk, copying of voting lists, political advertising in Virginia newspapers, auto hire for speakers in connection with Virginia meetings, and other similar items which appear to relate solely to the Virginia campaign.

In view, therefore, of these considerations, backed by the testimony of Doctor Hughes and Mr. Luhring that they knew of no separate Virginia committee nor of any considerable amounts of money sent into their districts by Bishop Cannon, your committee has been led to the conclusion that there was no separately organized Virginia committee of the Anti-Smith Democrats. This conclusion has been strengthened by the refusal of Rev. J. Sidney Peters and Miss Ada L. Burroughs to testify, although they occupied positions where they must have possessed knowledge of such an organization if it had maintained a separate existence.

Summarizing the facts which appear in the record with reference to the political funds handled by Bishop Cannon or Miss Burroughs during the campaign of 1928 or in connection with the payment of deficits alleged to have been created during that campaign, your committee finds:

1. That the total amount of such funds exceeded \$130,000.

2. That of this total only \$58,558.82 was accounted for in statements filed with the Clerk of the House of Representatives in accordance with the provisions of the Federal corrupt practices act of 1925.

3. That all of this money, having been contributed to influence an election at which presidential electors and Senators and Representatives in Congress were elected, should have been accounted for in reports filed with the Clerk of the House in accordance with the provisions of the corrupt practices act requiring such reports to be filed:

(a) By a political committee operating in two or more States, or

(b) By a committee active in only one State if such a committee is a branch or subsidiary of a national committee, other than the national committee of a political party.

The Virginia committee of the Anti-Smith Democrats, if it did in fact exist, was clearly a subsidiary of the headquarters committee, Anti-Smith Democrats, and any funds received or expended in its behalf should, therefore, have been reported.

4. That none of the \$62,300 contributed by E. C. Jameson prior to January 1, 1929, was accounted for in any of the reports required by the Federal corrupt practices act to be filed with the Clerk of the House during the progress of the campaign and upon January 1 of the following year.

5. That the so-called supplemental report, filed by Miss Burroughs under date of February 11, 1929, which purported to account for the receipt of \$17,000 from E. C. Jameson, was not a compliance with the requirements of the law or a disclosure of the total amount of the Jameson money which had actually been deposited in bank accounts of the Anti-Smith Democrats prior to that date. That this supplemental report was filed only as a result of inquiries made by the Senate committee, headed by Senator STEWART, and was not, therefore, a voluntary attempt to rectify errors or omissions in the reports which had previously been filed.

6. That although Miss Burroughs was the nominal treasurer of the headquarters committee, Anti-Smith Democrats, a large part of the funds collected by or on behalf of that organization were in fact handled by the chairman, Bishop James Cannon, jr., who deposited such funds in accounts upon which he alone was able to draw checks, thus placing upon him a peculiar responsibility to see that the statements filed in accordance with the Federal corrupt practices act on behalf of such organization were accurate and complete.

7. That the reports of contributions and expenditures of the headquarters committee, Anti-Smith Democrats, as filed with the Clerk of the House of Representatives, do not check with the actual deposits and withdrawals shown by the bank statements as regards numerous important items.

DIVERSION OF POLITICAL FUNDS TO PRIVATE ACCOUNTS

Coming now to the second question which the committee was directed to investigate by the terms of Senate Resolution 403, namely, "A fraudulent conversion to private uses * * * of any campaign funds contributed for use in any election as defined in the Federal corrupt practices act, 1925," your committee finds that funds aggregating \$18,300, representing moneys contributed for political purposes were placed on deposit to the credit of James Cannon, jr., or James Cannon, jr., executor, prior to the date of the general election in 1928 and remained on deposit to the credit of such accounts for considerable periods subsequent to that election.

In order to understand the transactions which resulted in the creation of these deposits it is necessary to review them in some detail.

On October 13, 1928, Bishop Cannon wrote Mr. E. C. Jameson on the letterhead of the headquarters committee, Anti-Smith Democrats, as follows:

"I am also writing to tell you that Mr. Slomp has already paid three-quarters of the amount that he pledged the other morning, and he promises to have all of it in our hands by Monday, so that is cared for. It is very important that I get the balance on Friday, the 19th. I hope to be able to be in New York at that time, and would prefer to have it all in cash. I hope that arrangement will be satisfactory to you."

On October 10, 1928, Bishop Cannon wrote Mr. Booker, cashier of the Citizens Bank & Trust Co., of Blackstone, Va., as follows:

"Am inclosing items for deposit.
"Suppose you ask Mr. Barrow if you and he can agree on this deposit of between \$15,000 and \$20,000 which is in my hands as chairman of the Newspaper Supply Co., an old subsidiary of the Richmond Virginian, could draw 4 per cent from time of deposit with pledge of 20 days' notice, or you pay only 3 per cent."

The Mr. Barrow referred to in the above letter is the president of the First National Bank of Blackstone, Va. This letter clearly implied that Bishop Cannon expected to deposit between \$15,000 and \$20,000, which he was holding as chairman of the Newspaper Supply Co.

The testimony of Mr. Jameson and Mr. Healey, Mr. Jameson's secretary, shows that on October 19 Bishop Cannon went to New York and secured from Mr. Jameson two checks, one for \$10,000, representing the balance of \$50,000 which Mr. Jameson had initially pledged to the Anti-Smith campaign, and a check for \$8,000, an additional amount requested by Bishop Cannon. Mr. Jameson, questioned as to the purpose for which this \$8,000 was contributed, testified as follows:

"The CHAIRMAN. Then you intended that the \$8,000, as well as the \$10,000, was for political purposes?"

"Mr. JAMESON. Absolutely."

"The CHAIRMAN. And that was true, of course, of every dollar that you contributed to Mr. Cannon?"

"Mr. JAMESON. Yes, sir; of course." (Hearings, p. 252.)

The testimony shows that the \$10,000 check was exchanged for cash and that the \$8,000 was exchanged for cashier's check of the Lawyers Trust Co., No. 9023, dated October 19 and drawn to "bearer."

This \$8,000 cashier's check was in turn indorsed to S. L. Barrow, president; James Cannon, jr., chairman; James Cannon, jr., and then forwarded to Mr. Barrow by Bishop Cannon in a letter dated October 22, 1928, on the letterhead of the headquarters committee, Anti-Smith Democrats, in which he said:

"You will recall that Mr. Booker spoke to you a few days ago concerning placing on deposit certain funds of the Newspaper Supply Co. I was hoping that at least 4 per cent could be given on these deposits, but understand, of course, you do hesitate to break your rule. I am inclosing check for which please send me a

time certificate of deposit, James Cannon, jr. I am sending Mr. Booker an equal amount. Yours sincerely, James Cannon, jr." (Hearings, p. 257.)

Receipt of this letter and check was acknowledged by Mr. Barrow on October 23 in a letter addressed to Bishop Cannon, in which he said:

"Your letter of October 22, 1928, and check for \$8,000 received. As directed, we have issued certificate of deposit 35915 to your favor for \$8,000 and send the same in this letter to you." (Hearings, p. 257.)

The certificate of deposit above referred to was in the following form:

\$8,000 THE FIRST NATIONAL BANK OF BLACKSTONE, VA.,
Blackstone, Va., October 23, 1928.

James Cannon, jr., has deposited in this bank \$8,000, payable to the order of self, after 90 days' notice, on the return of this certificate properly indorsed with interest at 3 per cent per annum if remaining three months, no interest if left for shorter time but if remaining six months, or longer, 4 per cent per annum will be paid. This certificate may be called in after 10 days' notice, interest to cease from the date of service of notice.

No. 35915.

(Signed) E. J. BLOOMFIELD, Assistant Cashier.
S. L. BARROW, President.

(On the reverse thereof:)

Pay to the order of James Cannon, jr., executor, for deposit, Bank of Crewe.

(Signed) JAMES CANNON, JR., Executor.
Pay to the order of any bank or banker; all prior indorsements guaranteed.

BANK OF CREWE,
F. W. SHEFFIELD, Cashier.

(Hearings, p. 54.)

It may be noted that this certificate of deposit was drawn "payable to the order of self," and that, although, according to the testimony of Mr. Jameson, this money was secured strictly for political purposes, it was deposited on a 90-day time certificate on October 23, 1928, less than two weeks before the end of the campaign.

The testimony of Mr. Barrow shows that this \$8,000 remained on certificate of deposit from October 23, 1928, until February 8, 1929, at which time it was transferred, with accrued interest of \$70.67, and placed to the credit of James Cannon, jr., executor, in the Bank of Crewe, Va. Bishop Cannon's letter of February 6, transmitting this certificate asked that it be placed "to my credit in the savings account on deposit with the understanding that I can draw against it from time to time and the daily balance draw interest at 4 per cent." It may be noted that, although the certificate was made payable to "James Cannon, jr.," it was indorsed "James Cannon, jr., executor."

This \$8,000 contributed by Mr. Jameson for political purposes on October 19, 1928, was thus held intact for more than three months after the end of the campaign in the form of a time-certificate deposit in the name of James Cannon, jr., and was then merged with other funds in a savings account standing in the name of James Cannon, jr., executor. It may be noted also that, although this money was originally represented to be funds of the Newspaper Supply Co., the certificate was ultimately deposited in the executor's account, the balance of which was in due course transferred to a personal account of James Cannon, jr., in the Bank of Crewe.

The second certificate of deposit, represented to be funds of the Newspaper Supply Co., was in the amount of \$5,000 deposited in the Citizens Bank & Trust Co. This certificate was established by the use of political funds withdrawn from the account of James Cannon, jr., chairman, Continental Trust Co., Washington, D. C. Bishop Cannon's letter transmitting this money was as follows:

RICHMOND, VA., October 27, 1928.

DEAR MR. BOOKER: I am sending you draft for \$5,000 which send me certificate of deposit. This completes the \$8,000. I have sent Mr. Barrow other \$8,000. This money is held in trust by the Newspaper Supply Co., and I do not know how long it will be on deposit. Kindly send certificate to-night, and oblige.

Sincerely,

JAMES CANNON, JR.

"Some additional checks for deposit.

"BANK'S FOOTNOTE.—Above check drawn by Continental Trust Co., dated October 27, 1928, on Washington, D. C., certificate No. 34994, dated October 29, 1928, issued—same paid and credited his account January 30, 1929." (Hearings, p. 105.)

This money likewise remained on time certificate, drawing interest until long after the end of the campaign, having been finally paid and credited with accrued interest of \$37.50 to the personal account of James Cannon, jr., in the Citizens Bank & Trust Co., Blackstone, Va., on January 30, 1929.

It may be noted that in Bishop Cannon's letter to Mr. Booker he states: "This completes the \$8,000. I have sent Mr. Barrow other \$8,000." These deposits constituted, therefore, a total of \$16,000. The balance of the \$8,000 deposited in the Citizens Bank, the testimony shows, was in the form of a certificate of deposit No. 34970, dated October 16, 1928. This certificate for \$3,000 was established in accordance with directions contained in a letter from Bishop Cannon to Mr. Booker, dated October 15, 1928, in which he said:

"I am inclosing in this check for \$2,433.78. Add from my balance to this amount enough to make \$3,000 and issue certificate of deposit for that amount. I will probably increase this later to \$7,500 or \$8,000."

It was further shown by the testimony of C. B. Stevens, of Charlottesville, Va., that this check for \$2,433.78 represented a part of the proceeds of the sale of a house and lot belonging to the estate of Mrs. Mary C. Moore, of which Bishop Cannon was executor.

Thus, of the \$16,000 placed on time certificate of deposit in the two banks at Blackstone and represented to be trust funds of the Newspaper Supply Co., \$8,000 was a political contribution made by E. C. Jameson, of New York; \$5,000 was a withdrawal of political funds deposited to the credit of James Cannon, jr., chairman, in the Continental Trust Co., of Washington; and \$2,433.78 represented proceeds of the sale of property of an estate of which Bishop Cannon was executor. The balance, amounting to \$566.22, was withdrawn from Bishop Cannon's personal account in the Citizens Bank to round out the total of \$16,000.

Inquiry by representatives of the committee reveals that the Newspaper Supply Co. was a defunct corporation, the charter of which had been revoked for nonpayment of taxes seven years before the transactions above referred to took place. A certified copy of the revocation of the charter issued by the Corporation Commission of Virginia, dated June 6, 1921, appears in the printed record of the committee on page 116.

Another certificate of deposit derived from political funds was created in the Bank of Crewe in the amount of \$5,300. This sum, in the form of a check drawn on the account of James Cannon, jr., chairman, in the Continental Trust Co., was forwarded to F. W. Sheffield, cashier of the Bank of Crewe, with a covering letter dated November 1, 1928, on the stationery of the headquarters committee, Anti-Smith Democrats, as follows:

"MY DEAR MR. SHEFFIELD: I am the executor of the estate of Mrs. Mary C. Moore, and some funds have come into my hands which I wish to place in your bank on time certificate of deposit. I am therefore inclosing draft for \$5,300, for which please send me time certificate to James Cannon, jr., executor.

"Yours sincerely,

"JAMES CANNON, JR."
(Hearings, p. 173.)

This certificate which was dated November 2, 1928, only a few days before election, remained with the Bank of Crewe until January 14, 1929, when it was deposited with accrued interest of \$42.40 in a savings account in the same bank to the credit of James Cannon, jr., executor. This was the same account in which the certificate of deposit for \$8,000, derived from Jameson funds, to which reference has already been made, was deposited. The balance of this executor's account was subsequently transferred to the personal savings account of James Cannon, jr., in the Bank of Crewe.

Attention of the committee was also directed to the fact that a payment of \$528 was made on a personal note of James Cannon, jr., in the First National Bank of Blackstone on September 18, 1928, out of the political funds deposited in the Continental Trust Co., of Washington, D. C. It may be noted that this account had been opened on August 6 with a letter stating that it was an account of "the committee to defeat Al Smith." It is true that Bishop Cannon made an initial deposit of \$2,000 drawn on his personal account in Richmond in opening this political account, but this amount and more had already been withdrawn and re-deposited in Bishop Cannon's personal account before the check for \$528, above referred to, was drawn.

Some reference may also be made to the fact that a total of \$17,450 was withdrawn from the political account in the Continental Trust Co. and deposited in the personal account of James Cannon, jr., in the American National Bank of Richmond. This was offset by total deposits of \$6,565.55 in the political account, representing checks drawn upon the personal account of Bishop Cannon in either the American National Bank of Richmond or the Citizens Bank & Trust Co. of Blackstone.

These deposits, however, in Bishop Cannon's personal account appear to occupy a different status from the time certificates of deposit to which reference has been made. These deposits in the personal account may have been used for political purposes, whereas the time deposits remained intact for a considerable period after the end of the campaign.

The attention of the committee was also directed to the activities of Bishop Cannon and his associates in connection with the solicitation of funds to pay a deficit, which it is stated existed at the end of the campaign, although Miss Burroughs's official report of November 1, 1928, lists no unpaid bills or obligations.

On November 22, 1928, Bishop Cannon addressed a letter to William C. Gregg, of Hackensack, N. J., in which he said:

"I am doing my best to close up all the matters connected with the campaign. We got through financially, I suppose, as well as we could expect. I have carried a little advertisement in all the southern newspapers as follows:

"'Wanted: \$6,500 to pay the balance still due on the campaign expenses of Anti-Smith Democrats committee.'" (Hearings, p. 267.)

Mr. Gregg replied, inclosing check for \$250 to be applied on the deficit. This contribution was acknowledged by Bishop Cannon on November 28, 1928, with the statement:

"I appreciate very much your continued interest in our work in the South, and am glad to say that we have received something over \$2,000 on the \$6,500 deficit." (Hearings, p. 268.)

Thus by the end of November the deficit would appear to have been reduced to about \$4,500.

The testimony of Mr. Jameson shows, however, that on December 6, 1928, he gave Bishop Cannon a check for \$4,300 to be applied on the deficit. This, it would appear, should have substantially wiped out the remaining deficit. Nevertheless, Mr. Jameson was asked for and made a further payment of \$3,000 to Bishop Cannon on January 14, 1929. As to the purpose of this payment the testimony was as follows:

"The CHAIRMAN. Then on January 14 you made a further contribution in the amount of \$3,000. What was the occasion for this payment?

"Mr. JAMESON. Well, he hadn't raised much money, and he needed some to help out. At least he said he did." (Hearings, p. 244.)

However, the solicitation of funds to pay off the deficit of the Anti-Smith Democrats was continued during the month of January through the use of form letters bearing the signatures of James Cannon, jr., chairman, and J. Sidney Peters, secretary. Copies of these forms appear in the record of the committee. (Hearings, p. 245.) One of these form letters was addressed to Mr. Gregg, who replied, suggesting that he would take care of the last \$500 of the deficit. To this Bishop Cannon replied under date of January 21, 1929:

"I greatly appreciate your proposition. It is the very thing that I need to use as a springboard with some other gentlemen who are greatly interested in clearing off this deficit of our committee." (Hearings, p. 268.)

This final contribution of \$500 from Mr. Gregg was solicited by Bishop Cannon in a letter of February 4 and was duly paid on February 9, 1929. (Hearings, pp. 268-9.)

Rev. J. Sidney Peters, who joined with Bishop Cannon in signing the circular letters by which contributions to pay off this alleged deficit were solicited, was subpoenaed as a witness before the committee. He was asked regarding this matter, but declined to testify. (Hearings, p. 304.)

In conclusion your committee desires to submit a brief statement regarding certain phases of the investigation which the committee was required to conduct under the terms of Senate Resolution 403. In the first place, the committee wishes to make it clear that its inquiries into the bank accounts standing in the name of Bishop Cannon were made only because political funds were deposited and intermingled with other funds in those accounts. No account which appeared upon its face to be a personal account was examined into until the evidence in the possession of the committee indicated that political funds had been deposited in such account. The witnesses heard by the committee were primarily bank officials and others who testified to the facts as shown by their records. If, in the investigation and analysis of these intricate and involved transactions, any injustice has been done to any person, it has been due to the fact that witnesses who had first-hand knowledge of the facts refused to testify and withheld from the committee such documentary evidence as may have been in their possession or available to them.

After the conclusion of the hearings which the committee held with reference to this matter during the latter part of August, 1931, the United States attorney for the District of Columbia requested a transcript of the testimony and access to the exhibits filed with the committee. This evidence was placed before a grand jury of the District of Columbia, which on October 16, 1931, found a true bill of indictment against James Cannon, jr., and Ada L. Burroughs for violating and conspiring to violate the Federal corrupt practices act. This case is now pending in the Supreme Court of the District of Columbia.

The recommendations of the committee for changes in the corrupt practices act to meet the conditions disclosed by this investigation are set forth in the final report of the committee, which is being separately submitted.

GERALD P. NYE, Chairman,
PORTER H. DALE,
C. C. DILL,
ROBERT F. WAGNER,
Committee.

ROBERT B. ADAMS

Mr. COPELAND. Mr. President, as in executive session I submit a report from the Committee on Commerce and ask for its immediate consideration.

The VICE PRESIDENT. The Senator from New York, as in open executive session, asks for the immediate consideration of a report which will be read for the information of the Senate.

The Chief Clerk read the nomination of Robert B. Adams, of Massachusetts, to be engineer in chief in the Coast Guard for a period of four years, to rank as such from December 18, 1931. (Reappointment.)

Mr. McNARY. Mr. President, the request is for action as in executive session?

The VICE PRESIDENT. It is.

Mr. McNARY. We shall have an executive session during the day and I hope the Senator will defer his request until then.

Mr. COPELAND. Very well.

The VICE PRESIDENT. The report will go to the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRATTON:

A bill (S. 2369) making certain matter inadmissible as evidence in the Federal courts, and for other purposes; to the Committee on the Judiciary.

By Mr. WHITE:

A bill (S. 2370) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes; to the Committee on Commerce.

By Mr. JONES:

A bill (S. 2371) authorizing the United States Employees' Compensation Commission to consider the claims of Rachel Nethery and Ethel Nethery; to the Committee on Claims.

A bill (S. 2372) for the erection of a public building at Shelton, Wash.; to the Committee on Public Buildings and Grounds.

(By request.) A bill (S. 2373) authorizing the payment to Peter C. McCartin of allotments made to his children under the veterans' act of 1924; to the Committee on Finance.

By Mr. GEORGE:

A bill (S. 2374) to authorize and direct the Secretary of the Navy to convey by gift, to the city of Savannah, Ga., the naval radio station, the buildings, and apparatus located upon land owned by said city; to the Committee on Naval Affairs.

By Mr. SWANSON:

A bill (S. 2375) for the relief of Roscoe Meadows; to the Committee on Naval Affairs.

By Mr. ASHURST:

A bill (S. 2376) for the relief of William Wooster; to the Committee on Claims.

By Mr. FESS:

A bill (S. 2377) authorizing an appropriation to defray the expenses of participation by the United States Government in the Second Polar Year program, August 1, 1932, to August 31, 1933 (with an accompanying paper); to the Committee on Foreign Relations.

By Mr. REED:

A bill (S. 2378) to regulate the conduct and administration of military arsenals, Air Corps depots, and other War Department activities and property, and for other purposes; to the Committee on Military Affairs.

By Mr. KING:

A bill (S. 2379) permitting admission to bail in extradition proceedings; to the Committee on the Judiciary.

By Mr. HASTINGS:

A bill (S. 2380) for the relief of Lee G. Mason; to the Committee on Military Affairs.

A bill (S. 2381) granting a pension to Anna Haley; to the Committee on Pensions.

By Mr. SMOOT:

A bill (S. 2382) granting an increase of pension to Elizabeth Morehouse (with accompanying papers); to the Committee on Pensions.

By Mr. WATSON:

A bill (S. 2383) granting an increase of pension to Ida B. Willison (with accompanying papers);

A bill (S. 2384) granting a pension to Mack G. Ragsdale (with accompanying papers); and

A bill (S. 2385) granting an increase of pension to Mary J. Johnson (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 2386) granting a pension to Frank L. Wilkinson (with accompanying papers); and

A bill (S. 2387) granting an increase of pension to Lorena White (with accompanying papers); to the Committee on Pensions.

By Mr. HULL:

A bill (S. 2388) to extend the times for commencing and completing the construction of a bridge across the French

Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.; and

A bill (S. 2389) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the Dandridge-Newport Road in Jefferson County, Tenn.; to the Committee on Commerce.

By Mr. LA FOLLETTE:

A bill (S. 2390) to establish a national economic council; to the Committee on Manufactures.

By Mr. HARRISON:

A bill (S. 2391) granting a pension to Jane McArthur; to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 2392) to authorize the issuance of unrestricted patents to certain public lands; to the Committee on Public Lands and Surveys.

By Mr. WALSH of Montana:

A bill (S. 2393) to provide for the addition of the names of certain persons to the final roll of the Indians of the Flathead Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

A bill (S. 2394) granting an increase of pension to Dora White; to the Committee on Pensions.

A bill (S. 2395) authorizing the conveyance of certain land to school district No. 15, Lincoln County, Mont.; and

A bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 2397) extending the limit of time within which Parramore Post, No. 57, American Legion, may construct its memorial building, and correcting street location; to the Committee on Public Buildings and Grounds.

By Mr. HATFIELD:

A bill (S. 2398) for the relief of W. E. Sturgeon; to the Committee on Military Affairs.

A bill (S. 2399) granting a pension to Samuel W. Stewart; A bill (S. 2400) granting an increase of pension to Mary J. Hall;

A bill (S. 2401) granting an increase of pension to Susie Leeson;

A bill (S. 2402) granting an increase of pension to Adaline Shuman; and

A bill (S. 2403) granting an increase of pension to Nancy A. West; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 2404) for the relief of Karl J. Howe; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 2405) to confer jurisdiction on the Court of Claims to hear and determine certain claims of the Eastern, or Emigrant, and the Western, or Old Settler, Cherokee Indians against the United States, and for other purposes (with accompanying papers); to the Committee on Indian Affairs.

By Mr. FRAZIER (by request):

A bill (S. 2406) for the relief of Harvey K. Meyer, and for other purposes;

A bill (S. 2407) to authorize the sale of parts of a cemetery reserve made for the Kiowa, Comanche, and Apache Indians in Oklahoma; and

A bill (S. 2408) to repeal the act of Congress approved May 31, 1924 (43 Stat. L. 247), entitled "An act to authorize the setting aside of certain tribal land within the Quinaielt Indian Reservation in Washington for lighthouse purposes"; to the Committee on Indian Affairs.

By Mr. NORBECK:

A bill (S. 2409) to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. GLENN:

A bill (S. 2410) granting a pension to Walter R. Hall;

A bill (S. 2411) granting a pension to Robert Monroe (with an accompanying paper); and

A bill (S. 2412) granting an increase of pension to E. Helen Barkley (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 2413) to extend the benefits of the employees' liability act of September 7, 1916, to Otis Gee, a former employee of the Chemical Warfare Service, Edgewood Arsenal, Md.; to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 2414) for the relief of the Upson-Walton Co.; to the Committee on Claims.

A bill (S. 2415) to amend the national prohibition act, as supplemented, in respect of the definition of intoxicating liquor; to the Committee on the Judiciary.

A bill (S. 2416) for the relief of William McGee; to the Committee on Naval Affairs.

A bill (S. 2417) granting an increase of pension to John Murphy; to the Committee on Pensions.

By Mr. BROUSSARD:

A bill (S. 2418) to authorize removal of wreck of ex-U. S. S. *Cincinnati*; to the Committee on Commerce.

By Mr. JONES:

A joint resolution (S. J. Res. 65) extending the benefits of section 202 (10) of the World War veterans' act; to the Committee on Finance.

By Mr. WHEELER:

A joint resolution (S. J. Res. 66) for the relief of farmers in the drought and/or storm stricken areas of the United States; to the Committee on Agriculture and Forestry.

REPAYMENT OF DAMAGES TO CITIZENS OF WASHINGTON STATE

Mr. DILL. I ask unanimous consent to introduce a joint resolution, which I ask may be printed in the *RECORD* and referred to the Committee on Foreign Relations.

There being no objection, the joint resolution (S. J. Res. 67) to provide for the payment of damages to American citizens in the State of Washington for property destroyed by Consolidated Smelter Co., of Trail, British Columbia, and for other purposes, was read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the *RECORD*, as follows:

Whereas for the past seven years poisonous fumes from the Consolidated Smelter Co., of Trail, British Columbia, Canada, have been carried in a southerly direction across the international boundary line and settled upon the growing crops, orchards, timber, and the farm lands of the citizens of the State of Washington residing along the Columbia River from the Canadian boundary line southward and beyond Marcus, Wash., and thereby blighting the crops and timber and destroying the fertility of the soil in the area upon which said smelter fumes settle; and

Whereas the citizens of the northern part of Stevens County, Wash., as aforesaid, whose crops, orchards, timber, and lands have been damaged and destroyed by the fumes of said Consolidated Smelter Co., of Trail, British Columbia, have repeatedly petitioned the President of the United States and the Secretary of State for protection from further destruction of their property by said fumes and for payment of damages because of their inability to bring suit in the courts of Canada for damages against said Consolidated Smelter Co., of Trail, British Columbia; and

Whereas after reference of said complaints to the International Joint Commission of the United States and Canada, and a complete investigation and full hearings on the claims for damages, the American members of said International Joint Commission have been unable to induce the Canadian members of said commission to agree that the said Consolidated Smelter Co. shall pay such sums of money as are necessary to provide payment for damages suffered by the citizens of the State of Washington as hereinbefore described; and

Whereas it has always been the custom and duty of the Government of the United States to protect the lives and property of its citizens whether within or without the United States against destruction or damage, or both, by foreign peoples or foreign corporations, even to the extent of using the armed forces of the United States to insure such protection in foreign lands; and

Whereas the Government of the United States has failed to protect the citizens of the State of Washington against the damage and destruction of their property within the United States, and it is the duty of the Government to secure damages through the foreign government whose nationals have damaged and destroyed the property of citizens of the United States: Now, therefore, be it

Resolved, etc., That the Secretary of State is hereby authorized and directed to pay to the citizens of the State of Washington whose crops, orchards, timber, and lands have been destroyed by the fumes of the Consolidated Smelter Co., of Trail, British Columbia, such amount and amounts in the form of damages to the individual citizens, companies, and corporations whose claims are

on file with the International Joint Commission as the American members of said International Joint Commission shall find justly due said citizens, companies, and corporations in addition to such sums as said International Joint Commission may decide to be paid to said citizens by the Consolidated Smelter Co., of Trail, British Columbia, Canada; and there is hereby authorized to be appropriated out of any moneys in the Treasury of the United States not otherwise appropriated such sums as may be necessary to pay said claims to an amount not exceeding \$1,500,000.

FOREIGN-DEBT MORATORIUM—AMENDMENTS

Mr. DILL submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 147) to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period, beginning July 1, 1933, which was ordered to lie on the table and to be printed, as follows:

On page 3, line 12, after the word "reduced," insert the words "or postponed."

Mr. HOWELL submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 147) to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period, beginning July 1, 1933, which was ordered to lie on the table and to be printed, as follows:

On page 3, line 15, after the period add the following:

It is hereby further declared that no further postponement of the indebtedness of foreign countries to the United States shall be considered by Congress unless and until the European nations indebted to the United States on account of prearmistice war loans shall have effectively assented, in a form and manner satisfactory to the President, to the reformation of the Versailles treaty, including the return to the German Government of its former but now mandated colonies.

PROPOSED DECREASES IN APPROPRIATIONS

Mr. HARRISON. Mr. President, I offer a resolution, which I ask to have read and lie on the table.

The VICE PRESIDENT. The clerk will read the resolution, as requested.

The Chief Clerk read the resolution (S. Res. 120), as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations of the Senate in reporting to the Senate upon the several appropriation bills for the fiscal year ending June 30, 1933, make such decreases in proposed appropriations as will bring the total amount reported to the Senate at least \$300,000,000 below the total recommended in the Budget for such fiscal year.

The VICE PRESIDENT. The resolution will lie on the table.

OCEAN MAIL CONTRACTS

Mr. McKELLAR. Mr. President, out of order, I ask unanimous consent to postpone indefinitely Senate Resolution No. 54, the same matter having been incorporated in Senate Resolution 85, which has already been passed.

The PRESIDENT pro tempore. Is there objection? The Chair hears none; and, without objection, the order requested by the Senator from Tennessee will be entered.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also informed the Senate that on December 21, 1931, the President approved and signed the joint resolution (S. J. Res. 39) extending the time within which the War Policies Commission is required to submit its final report.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 930) limiting the operation of sections 109 and 113 of the Criminal Code with respect to counsel in the case of the Appalachian Electric Power Co. v. George Otis Smith et al.

SENATOR SHIPSTEAD'S ADDRESS ON THE FINANCIAL QUESTION

Mr. THOMAS of Oklahoma. Mr. President, last night the senior Senator from Minnesota [Mr. SHIPSTEAD] delivered an address over a nation-wide radio hook up. The address was on the financial question. I ask unanimous consent that it may be printed in the *RECORD*.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the United States Daily, December 22, 1931]

TREASURY NOTES AS LEGAL TENDER ARE SUGGESTED—NON-INTEREST-BEARING ISSUE TO EXPAND CURRENCY IN CIRCULATION IS ADVOCATED BY SENATOR SHIPSTEAD

The issuance of necessary money in the form of non-interest-bearing Treasury notes, making them legal tender for the payment of public and private debts, was advocated by Senator HENRIK SHIPSTEAD (Farmer-Labor), of Minnesota, in a radio address December 21 over the National Broadcasting Co.'s network.

Senator SHIPSTEAD asserted that the proposed Government corporation with a capital of \$500,000,000 "is in fact a Government banking corporation, throwing the credit of the Government back of these institutions and guaranteeing their assets."

SUGGESTS FINANCE PLAN

"In my opinion," he said, "a better way for expanding the currency than that proposed by this Government banking corporation would be for the Federal Government to issue necessary money in the form of non-interest-bearing Treasury notes, making them legal tender for the payment of debts, public and private, to be retired after a period of years through taxation as bonds are retired."

Senator SHIPSTEAD's address follows in full text:

In this country the solution of all governmental problems rests in the final analysis with you people. The Government of the United States was created to be your servant. There are many problems confronting your Government to-day. Time does not permit me to call your attention to more than one of them. I believe the most outstanding problem that confronts the world to-day is the question of how international, public, and private debts can be paid, business restored, and unemployment eliminated.

A solution is being sought for this problem through the extension of credit in one form or another. It is plain that this is not a solution. It has been tried for 10 years and it has proven a failure. Juggling of credits back and forth is not paying debts. It only postpones payment and leaves the problem unsolved and increases the debts.

As a result our credit system is breaking down and we have what is called a "paralysis of credit." As this condition progresses we have a growing paralysis of business, agriculture, finance, industry, and labor. This must necessarily be so, because business, finance, and industry are based upon credit, and the basis of credit is confidence. As confidence and credit disappear values disappear. As values disappear business further becomes paralyzed, revenues decrease, unemployment increases, and prices decline.

DISCUSSES GOLD DEMAND

The falling price level is, in my opinion, the greatest menace to the world to-day. The descending price level of commodities is destroying all values. The descending prices of commodities are in turn due to the increasing demand for gold. The increasing demand for gold is due to the creation of large obligations of debts payable in gold within the last 15 years. Nations on the gold standard will accept payment for debts in only one commodity, and that is gold.

As a result the value of gold is gradually increasing and consequently the value of other commodities gradually decreasing. The production of gold has not kept pace with the creation of debts. Therefore we are suffering from a lack of a means of payment. It is difficult to estimate the amount of obligations outstanding payable in gold, but the gold supply with which to pay them is infinitesimal in comparison.

The purpose of trade is to exchange goods, both internationally and within our own country. People who are neighbors can exchange their goods back and forth in the neighborhood, but if they live long distances apart there must be a medium of exchange sufficient in quantity to make settlement possible. Such a medium of exchange is called money.

CREATION OF MONEY

Money is created by law and by law made lawful for payment of all debts, public and private. There is, however, less than \$5,000,000,000 of real money in the United States. Bank deposits to the amount of \$60,000,000,000 or \$70,000,000,000 are not lawful money. Deposits are mainly credit—evidence of debt. The medium of exchange through which payment for goods is made has been furnished to the extent of about 70 per cent by bank checks. Bank checks are not lawful money, and they are not legal tender for payment of debts. They will be accepted in payment of debts if the creditor is confident that the check is good. Our banking system is based upon credit and credit is again based on confidence.

As confidence disappears confidence in banks and bank checks disappears and to that extent the use of checks as a medium of exchange disappears.

As the medium of exchange is restricted in volume prices again fall and the depression increases in intensity. As the depression increases in force, revenues of citizens disappear, and consequently revenues of the Government disappear, making heavier taxes necessary. To restore business, employment, and revenues, public and private, we must restore a medium of exchange in sufficient quantity to make interchange of goods possible and so break the present trade blockade.

ADVOCATES MORE MONEY

Most of the nations of the world have found it necessary to do this. It is gradually dawning upon us that we must do it ourselves. Farmers can not pay their mortgages on the present price level. Farm mortgages, like all other values, are declining because of inability to make payment. An expansion of the currency is necessary to restore prices. We must put more money in circulation.

A year ago the Federal Reserve Board cut the rediscount rates, evidently hoping to be able to expand credits and so restore prices, as was done in 1924, but so far the expected results have not been accomplished. The credit system based on confidence can not be expanded on falling prices and loss of confidence.

We must, therefore, look around for other methods. One method has been suggested by men of affairs in industry, commerce, and business. That is the restoring of silver as money by the nations of the world.

MONEY SYSTEM ILLUSTRATED

Former Finance Minister Joseph Caillaux, of France, who saved the postwar financial situation in that country by his courageous action and intelligent understanding of finance, says of these conditions:

"All the money systems of the world may be represented as an upside-down pyramid of paper notes resting on a point of gold. All that is necessary is to shake that gold point just the least bit to make the whole edifice tremble. What facilities that offers for speculators! There is only one remedy. It is not that there should be any redistribution of gold, as is being childishly suggested. Gold has its own law which it obeys. What must be done is that another monetary metal should be joined to it. Platinum has been suggested. I would prefer that silver, which was stupidly demonetized, should be rehabilitated."

However, it is agreed that restoring silver as money is practical only if agreed to by the leading nations.

DISCUSSES PROPOSED PLAN

To relieve the banks, railroads, life-insurance companies of assets they can not now dispose of, the administration is now proposing in a bill to create a Government corporation with a capital of \$500,000,000, to loan funds to and discount their obligations with the Federal Reserve Bank in the amount of \$1,500,000,000. This will inflate the currency in circulation in that amount. The obligations and the liabilities of the corporation will be assumed by the Government. It is in fact a Government banking corporation, throwing the credit of the Government back to these institutions and guaranteeing their assets.

While this may, if properly managed, be helpful, I want to say that, in my opinion, the temporary aid to these institutions is like repairing the roof of a house and neglecting the foundation. The foundation of all of these institutions is agricultural prices. This was proven early this fall when farm prices temporarily rose and all prices rose with them. When farm prices declined all other prices declined in sympathy. To restore values we must restore farm prices. They are the foundation of all values. Farm mortgages should be made eligible as collateral for discount with the Federal reserve bank, thereby giving them their proper status in relation to other securities.

In my opinion a better way for expanding the currency than that proposed by this Government banking corporation would be for the Federal Government to issue necessary money in the form of non-interest-bearing Treasury notes, making them legal tender for the payment of debts, public and private, to be retired after a period of years through taxation as bonds are retired. This would prevent possible loss to the Government that might be sustained by having to acquire assets that can not be collected under the proposed plan now before Congress.

If the necessary amount were issued it would have an immediate effect upon commodity price levels. Business would be restored. Values and confidence would also be restored, and the institutions now in trouble would be able to resume use of their credit without the guarantee of the Government. This we have done before. Making these notes legal tender for the payment of all debts, public and private, will keep them at par as your silver certificates have remained at par for years, while their intrinsic value is now only about 25 cents on the dollar. It is the credit of the Government back of them that keeps them at par. Ten dollars of these will buy as much for you in the department stores as \$10 in gold.

CITES PRICE CHANGES

But some will say, "This is increasing the supply of money, that is, cheapening money, and making it possible to pay debts in cheap money."

I reply by saying, "Your money is dishonest now because it is 50 per cent dearer than when the debts were incurred under the high price level. By deflating the circulating medium you have deflated prices. The farmer must produce two or three times more commodities now to pay his taxes and interest than when his debt was incurred. We should restore the value of money to the value it had when farmers and commerce incurred their indebtedness. When a debtor can pay a debt in money of the same value in which the debt was incurred, then he is paying the debt in honest coin."

I believe this would go far in restoring commodity price levels, values, business, revenues of private citizens and the Government, and abolish unemployment. I do not mean to say that this would solve all our problems. I hope to have the pleasure of discussing some of the others with you at some future time.

ADDRESS BY HON. WILLIAM GIBBS M'ADOO ON DISARMAMENT

Mr. SHEPPARD. Mr. President, I ask unanimous consent to have inserted in the RECORD an address by Hon. William Gibbs McAdoo at Dallas, Tex., on Tuesday, December 15, on the subject of disarmament.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Dallas Morning News, Dallas, Tex.]

MCADOO SAYS DISARMAMENT ALONE CAN NOT END WARS—FULL TEXT OF ADDRESS DELIVERED HERE IS PUBLISHED BELOW

Thirteen years ago the most devastating war in all history came to an end. As the curtain fell on the long drama of ruin and misery and the word of peace ran across the shattered lands the world awoke as from a hideous nightmare.

The hatred of war, as tragically demonstrated by the folly of employing military force to reach any reasonable objective, was felt deeply by the mass of humanity, and by all wise and far-seeing people, in the days and weeks that came after the armistice in 1918.

In the hearts of men there stood the vision of a new civilization. The peoples of the earth realized that the ancient structure of statecraft and diplomacy had outlived its day. For the first time within the memory of the race millions of men and women, among them the victors as well as the vanquished, turned spontaneously and with one accord to the idea of a permanent peace based not on bayonets and battleships but on the human craving for right and justice.

At last peace had conquered war and the valor and endurance of the soldiers were to be transmuted into works of utility and beauty—into noble achievements for the welfare and happiness of mankind. The war-torn nations would erase the memories of their battle years and, facing a new dawn, march together into an era of amity and concord.

PROGRESS MADE SLOWLY

During the six months that followed the armistice of 1918 there were times when this splendid dream trembled on the verge of realization. But history has repeated itself in the lesson it has brought of bitter disillusion and disappointment. Progress is a long road which mankind has been forced to travel immemorially in pain and suffering and with faltering steps. The world can not be made over in a day or in a decade. The vital element of time, as well as the infinite complexities which flow from race, language, and commercial rivalries, have their influence upon the intricate problems of disarmament, national security, and peace.

That all men are brothers is a noble and Christian thought. But human experience has demonstrated that it is, at best, nothing more than a pleasant theory. In our struggle to secure international amity and even partial disarmament we can not disregard the inherited and traditional hates and rivalries that have been molded into history and literature.

In all ages historians and philosophers have commented on the quality of human nature that leads men into an attitude of antipathy to all that is alien and foreign. "Enemy" and "stranger" are expressed by the same word in some languages. For the good of humanity it is to be hoped that these natural antagonisms are not as deeply rooted as they appear to be. They are perhaps a survival of the primitive clan spirit, and they are kept alive by a false conception of patriotism.

Every decent person loves his home and his country, but that is not a valid reason for hating other people who speak a different language and live in other lands. This intolerant chauvinism appears in literature, not only in the United States but in all countries. Its spirit gets into the school books of the children and into the current news and editorials of the day.

Under the boast of 100 per cent Americanism, thousands of voices shout at us continually that we are better than other people, that other breeds of men, meaning those who live in other countries, are inferior to us in courage, stamina, brains, and morals. And we are not alone in this attitude of intense, unreasonable, and false nationalism. It is an outstanding vice of our epoch; the whole world indulges it. The result is a universal feeling of suspicion and jealousy, mingled with fear, which keeps every nation on guard and produces the crushing armaments that tax the life blood out of the masses and continually menace the peace of the world.

OBSTACLES TO PEACE

All these conditions constitute a formidable obstacle to any effective plan for world peace. They are a range of mountains across our path. To close our eyes to them, to imagine that they do not exist, will destroy our perspective, turn our good intentions into meaningless words and our efforts into fruitless channels.

Disarmament is not impossible or impracticable. Certainly partial disarmament, and on a very large scale, is obtainable now if the statesmen of Europe have the wisdom and vision to bring it about. It might have been accomplished in 1919 if they had supported disarmament with half the ardor they displayed at the peace conference in partitioning the territory and the spoils of the vanquished.

But it may be that any definite plan for disarmament adopted at the time the peace treaty was signed would have been ineffective. The clamor for world peace, for the laying down of arms, was the reflex of the fatigue of those who had carried arms too long.

The nations of the earth were less in love with peace than they were sick of war.

If you work too hard you want to rest, if you eat too much you hate the sight of food, if you fight too much you want to stop. But these conditions are temporary. A worker, when he has rested, will work again; a man who has eaten too much will be hungry again, and the fighter will fight again whenever he thinks that his home or his native land is in peril.

Amid the music and joy, the cheering crowds and the waving flags that marked that memorable armistice day of 13 years ago there lived among the people of all nations and all races the thought that in celebrating the victory of the Allies they were celebrating a peace that would endure forever. The war that was to end all wars had fired its last gun. German militarism was destroyed, therefore war was destroyed.

CAUSES OF WAR

The cardinal error in this belief is the mistaken notion that militarism is alone responsible for war. It is true that a nation which possesses a large and powerful army is likely to bring a bitter dispute to a head by striking a blow, but the army is rarely or never the cause of the dispute; it is merely an instrument of force.

The primary cause of all war in modern times is economic strain and that in turn is the result of intense financial and commercial competition. There are other contributing causes. Overpopulation is one. When a nation reaches the limit of the capacity of its soil and its industrial development and its population still continues to grow, the probability of an explosion is greatly increased. This and other incentives to war are heightened by an exaggerated sense of nationalism, as well as by a jingoistic military spirit.

To imagine that you can abolish war by reducing or abolishing armaments alone is a fundamental misconception of the problem, yet the reduction of armies and navies would be a move in the right direction, as it would relieve civilization of a grievous load of taxes and would turn some millions of men who are now unproductive into the ways of creative industry. It would be an excellent thing to accomplish; it is worth all the effort that may be given to it.

But even the reduction of navies and armies, if carried out now, on a large scale, would serve perhaps to add to the economic discontent of the world. Such a reduction would mean, at the present moment, that the ranks of the unemployed would be increased by one or two million men. The whole problem is surrounded by intensely difficult correlated questions which must, of necessity, be considered at the same time.

WILSON'S FOURTEEN POINTS

President Wilson's 14 points, which exercised such a powerful influence in bringing the World War to a close, were accepted by all the belligerents at that time and the whole world, I believe, looked upon them as a formula for the reconstruction of civilization. The fourth of these 14 points demands, in the language of President Wilson, "Adequate guaranties given and taken that national armaments will be reduced to the lowest point consistent with domestic safety."

Note that phrase—"consistent with domestic safety." That means, and the President intended it to mean, that armaments as aggressive war machines were to be entirely abolished; that the armaments of every country—military, air, and naval—were to become nothing more nor less than defensive weapons, reduced "to the lowest point consistent with domestic safety."

But when the statesmen of Europe got through with their work of mangling the historic 14 points, the expression "consistent with domestic safety," had disappeared and the phrase "consistent with national safety" had taken its place. It appears in this guise in the first paragraph of Article VIII of the covenant of the League of Nations.

Notwithstanding this change in President Wilson's fundamental provision that armaments should be reduced to the lowest point consistent with "domestic safety," the friends of international peace managed to get something clear and forceful into the league covenant. In this same Article VIII it is provided that the council of the league shall formulate plans for the reduction of armaments; that these plans shall become effective when adopted by the nations in the league; and that the members of the league shall "undertake to interchange full and frank information as to the scale of their armaments, their military, naval, and air programs, and the condition of such of their industries as are adaptable to warlike purposes."

In Article IX, immediately following, it is provided that a permanent commission shall be constituted to consider the question of disarmament.

In May, 1919, Prime Minister Clemenceau, in behalf of the allied and associated powers, gave the German plenipotentiaries at Versailles the following positive assurance:

"The allied and associated powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible to resume her policy of military aggression. They are also the first step toward the reduction and limitation of armaments, which they seek to bring about as one of the most fruitful preventives of war, and which will be one of the first duties of the League of Nations to promote."

That the reduction of German armaments was based upon these assurances is confirmed in the following words of Part V of the Versailles treaty:

"In order to render possible the initiation of a general limitation of the armaments of all nations Germany undertakes strictly to observe the military, naval, and air clauses which follow."

OBLIGATION DISREGARDED

There can be no doubt of the obligation thus imposed upon the allied powers which ratified the Versailles treaty to initiate promptly a limitation of their respective military, naval, and air armaments, and yet, 12 years after the event, the obligations of this treaty not only remain unfulfilled but the leading nations of Europe are maintaining greater armaments and a more staggering burden of waste and taxation than that which preceded the World War.

The failure of the Allies to keep faith with Germany in the matter of disarmament is a permanent source of distrust and bitterness among the German people. Lord Robert Cecil, in a recent article on the problem of world disarmament, says:

"The assumption that Germany was perfidiously tricked by the Allies into a position of humiliating inferiority has become the commonplace of German political journalism. This has created a desire among the Germans to rearm, which is by no means confined to Herr Hitler and his extreme nationalist followers. It is a demand which is a cause of embarrassment to any German Government. . . . This emergence of truculent indignation in Germany has in turn had its consequence in the new fortification of the French and Belgian eastern frontiers and the stiffening of political opposition in those countries to any new military reductions. And so the vicious circle is all but complete."

These words of Lord Robert Cecil are full of wisdom. The basis of men's relations to each other must be faith and confidence. The Allies can not break their solemn promise to Germany and expect Germany to keep her promise to them.

The permanent commission provided for in the Versailles treaty has inspired a number of disarmament conferences. The commission, with the league behind it, has undoubtedly acted in good faith; in fact, the history of the league shows unmistakably that one of the major purposes of this fraternity has been, and is now, the promotion of disarmament and the abolition of war. Yet the authority of the league is limited, and without full cooperation of all the powers, including the United States, it can not successfully perform the duty imposed upon it by the treaty. The efforts of the league in the way of disarmament have met thus far with small success. It is true that some insignificant results have been achieved in the shape of naval limitations, but even these are of problematical value. Capital ships have been reduced in number only to have their places taken by submarines, swift cruisers, and flocks of airplanes.

ONE OFFERS TO DISARM

It is a singular fact that amid all the world-wide talk of disarmament, only one great nation has made an official proposal for complete and universal disarmament on land and sea and in the air. That nation is Russia—and Russia possesses to-day one of the largest and most effective armies in the world.

At the Geneva Disarmament Conference in 1927 Russia offered to disarm completely if the other nations would also disarm. The proposal of Litvinoff, the Russian delegate, was, to quote his words: "The general and complete disarmament of all land, sea, and air forces within a year."

The Russian proposal was voted down. It is surprising to find that the United States voted against it. At that conference our representatives acted in concert with France and the group of nations allied with France, namely, Poland, Czechoslovakia, Rumania, Belgium, and Yugoslavia. This group, all armed to the teeth, was then—and has been generally—opposed to any reduction of land or air armaments.

The disarmament proposals of Russia were given a curt dismissal by the delegates at Geneva, for the reason—according to an explanation which appeared after the conference—that they were not considered sincere. It is alleged that Russia put them before the league merely to have them voted down; that she wanted to show up the capitalistic world before her own people and thus be able to put through her own military program without opposition at home.

I have never believed in the soundness of this explanation. At any rate, if I had been a delegate at that conference, I would have accepted the Russian proposals at their full value and would have indorsed any reasonable proposal that would accomplish disarmament, no matter from whom it came or whence its source.

At the same conference in Geneva in 1927 Germany urged a prohibition against the bombing of cities from airplanes. It was also defeated through the influence of France and her allies, assisted by the United States. It is difficult to understand why the United States opposed this step to mitigate the horrors of war—to protect noncombatants in cities and unfortified places.

EUROPE A MILITARY CAMP

Europe is to-day a military camp, a nest of explosives, an arsenal of guns and munitions. The tramp of armies is heard from Moscow to Lisbon, from the North Sea to the Mediterranean.

There are approximately 3,000,000 men in the regular armies of the European nations, without counting the reserves. About two-thirds of this gigantic armament belongs to the so-called "French group" of nations—France and her allies. France has an army of 522,000 men, and her population is about 40,000,000. On the same ratio, we in the United States—with a population of 120,-

000,000—would maintain an army of more than 1,500,000 men, or about ten times the number we now have in the military service.

Poland, a young and struggling nation, supports an army of 265,000 men. And yet Poland has been in economic distress from the day it was born. It has never successfully balanced its budget without loans, but it manages to feed and clothe nearly 300,000 men who do nothing but live in barracks and keep themselves ready to fight.

The Balkan States, ravaged by war and bitten to the marrow by poverty, belong to the French group of overarmed nations. Three small countries—Jugoslavia, Czechoslovakia, and Rumania—in spite of their limited resources, maintain armies that aggregate more than 400,000 men.

In the present state of international affairs there is no doubt whatever that the military policy of France has the effect of greatly increasing world tension.

Keeping these facts in mind, let us imagine ourselves a gathering of French citizens and look at the disarmament problem from their point of view. No man assumes a heavy expense without a cause; no man weighs himself down with a burden just for the fun of the thing—and that applies to nations as well as to individuals. The cause may be senseless; the reason may be faulty; and the burden may be useless; but you may be sure that the man or nation that bears the burden does not think so, else it would be quickly dropped. Every nation that is supporting a large army justifies its policy on the ground of national safety.

France remembers the gray-clad German hosts that swept over the fields of northern France within the memory of all of us; and Frenchmen, recalling the lessons of history, have not forgotten that France has been invaded again and again in modern times. France wants security; she wants safety. No disarmament conference will ever persuade the French Nation to disarm until the safety of France is assured. To accomplish that with reasonable assurance a stronger peace compact than has been proposed will be necessary. Will it be forthcoming?

WAR MORE DESTRUCTIVE

Military experts declare that 1 soldier to-day is equal in destructiveness to 10 soldiers in 1914. This increase in destructive power is due to the deadliness of modern weapons.

During the World War the maximum quantity of bombs thrown in one month from airplanes (including those of all armies) amounted to 12 tons. To-day the French Army alone possesses enough military airplanes to drop 120 tons of bombs in a single attack. Imagine 120 tons of high explosives and poison gases let loose in the sky above a defenseless city! If such an attack were made on a community the size of Dallas, in all probability not a house would be left standing nor a person left alive.

Marshal Foch made some predictions concerning the future warfare. He said:

"The next war will be a war in the fullest sense of the word, and, moreover, it can no longer be isolated.

"Poison-gas bombs will spread deadly fumes which will penetrate any mask and produce death in a few minutes. Phosphorus bombs, impossible to extinguish, will burn the flesh to the bone within 30 seconds. Hundreds of tanks, each one able to shoot a thousand deadly bullets a minute, machine guns like automatic rifles which, in the hands of a million men, will shoot 100,000,000 bullets a minute, will also be raging, and the heavens above will be darkened by a thousand airplanes pouring a rain of horror on the earth.

"Behind the lines cities and villages will crumble in ruins under the destructive fire of the largest artillery. In the next war there will be no such thing as the front and rear. The whole nation will find itself on the firing line."

When we read these impressive words of Marshal Foch and picture the scenes which he describes we must realize that the next war, if it comes, will convert the civilized world into a madhouse. It should strengthen our resolution to resist by every means in our power a recurrence of the insanity which came upon the world in 1914, and which even now appears to distort the vision and impair the judgment of the responsible statesmen of Europe and of the United States.

ECONOMIC TENSION

To abolish war effectively we must contrive some means to lessen the intense economic tension which is in the era one of the outstanding characteristics of our civilization. Every great industrial nation wants economic security and equal economic opportunity in the open markets of the world. Economic security means also physical security. With the economic security of all great nations assured, physical security will follow almost as an inevitable sequence. Without economic security domestic prosperity is impossible, but even domestic prosperity may not be possible unless economic opportunity is provided for all competitive nations in the world's open markets.

This is a highly complex question, involving considerations of territorial limits, colonial possessions, the maintenance of the "open door"—as in China, for instance—and a fair chance for all in the intensely competitive international markets. It is for these economic reasons that overpopulated European nations like Germany, France, England, and Italy have always sought to extend their colonial possessions. Such possessions give an outlet for the overcrowded population and open new avenues for their domestic commerce.

Wars over territorial boundaries and over the expansion of the national domain have occurred throughout human history; but war never decides anything upon the basis of equity or justice. Field Marshal Sir William Robertson, a professional soldier, said

recently: "War hurts everybody, benefits nobody but the profiteer, and settles nothing." His words ought to be cut in stone and set up in every community on earth. Every peace treaty expresses the will of the conqueror imposed upon the vanquished; every such treaty causes new dissatisfactions and hatred, which culminate in another war when the vanquished find the opportunity to regain what was lost and to secure satisfaction for the wrongs and injustices they feel that they have suffered.

We do not have to go beyond the Versailles treaty to establish this point. Germany, for instance, bitterly resents the territorial limitations imposed upon the Central Powers and rankles because of the appropriation by the Allies of her colonial possessions. The economic security as well as the economic opportunity of this great industrial Nation has been seriously restricted. Such a policy plants the seed of future war.

It is true that huge military and naval armaments increase the economic pressure upon every people so burdened, and that any reduction of armaments, and especially their abolition, would mitigate this economic pressure. Complex as is the disarmament problem, it is simple compared with the readjustment of the international economic order among the great industrial powers in such a way as to give them the economic security and opportunity so necessary to their welfare and to the reduction or abolition of their military and naval establishments. Until the economic situation is fairly satisfied there will never be any reasonable assurance of a peaceful international order.

DISARMAMENT NOT ENOUGH

Any reduction in armaments is desirable on the ground of national economy, but if we believe that such a reduction would put an end to great and disastrous wars—unless the movement is accompanied by profound economic adjustments—we are simply deceiving ourselves.

To illustrate my point, let us suppose that some years before the World War began the great powers had entered into an agreement to abolish nine-tenths of their existing land armaments. The German Army would have dropped to 80,000 men and all other nations would have reduced in proportion. Can we reasonably believe that this alone—this situation of comparative disarmament—would have prevented the World War? When we review the causes which led to the war I think it would have had no appreciable effect. Germany's army of 80,000, in place of 800,000, would have swept into Belgium, to be met by that little kingdom's two or three regiments, and across the border France's army of 60,000 men would have been ready for the onslaught.

For a few weeks all the scenes of the World War would have been enacted on a small scale; then the recruits would have poured in. In a year millions of men would have been at the front and the history of the conflict would have been almost identical with what actually happened during the four years that followed August 1, 1914.

When the United States entered the war in 1917 our Army was so small in numbers that a member of the German general staff contemptuously described it as a mere "squad." We went in with little preparation and certainly without a large body of trained soldiers, and yet within the brief period of 18 months 4,000,000 American soldiers were under arms—all of them trained and ready for battle; and behind them were incredibly large accumulations of munitions and supplies.

Armies may be quickly made, and any nation skilled in industrial mechanics and chemistry can readily produce guns, poison gases, and high explosives.

Every machine shop can be turned into a plant for making shells; every factory where machines are made—even such innocuous implements as sewing machines and typewriters—can be transformed into a munition plant. Civilian airplanes may become fighting planes and bombers. Chemical factories are able to produce poison gas in large quantities on short notice.

My purpose in presenting these facts is not to depreciate the movement toward disarmament but to state the problem in all its harshness. Any other presentation of the case would be futile and meaningless.

Germany is practically disarmed to-day. Under the Versailles treaty the German nation is allowed to have an army of only 100,000 men, no military airplanes, no submarines, and no high-powered guns. But all the resources for making these implements of war exist in Germany and must continue to exist. Besides, the personnel of the German Army is of the highest grade. Limited to 100,000 men, the army is composed of highly trained units. Virtually every man in it is capable of serving as an officer and of training other men quickly and efficiently.

The French military authorities have a clear understanding of the small German Army's high efficiency and of the readiness of German industry for adaptation to military purposes. For that reason the French strategists, in case of another war, have evolved a plan for destroying the large industrial centers of Germany by scattering bombs and gases from airplanes before the German Nation can get ready to fight.

NAVAL ASPECTS OF PROBLEM

Let us now turn to the naval aspects of the problem. Let us suppose that all the great naval powers to-day agreed to sink every battleship, every cruiser, every submarine, and every type of naval craft, and did it. Who would have command of the sea in case another war broke out? That nation, of course, which possessed at the time the largest and swiftest merchant marine. These merchantmen could be quickly armed with guns and become as

effective on the high seas as the preponderant naval fleet of any nation in existing circumstances.

What nation would have command of the air if all military and naval planes were destroyed? Again, it would be that nation which possessed the swiftest, most efficient, and largest commercial fleet of airships; they could be equipped with guns and appliances for dropping deadly explosives, just as merchant vessels could be quickly converted into armed cruisers.

The nations of Europe that were associated with the United States during the World War owe this country more than \$11,000,000,000. Some of our distinguished public men, in a well-meaning effort to bring about general disarmament, have suggested that the United States cancel this debt, provided our debtors will agree to abolish their armies and navies. In short, their proposal is to purchase disarmament and world peace.

It is a generous gesture, but would it be effective? In my opinion, it is a hopelessly futile proposal. First, because no nation would jeopardize its national safety—or anything that it considers necessary to safety—to liquidate a foreign debt that it does not have to pay, anyway, if it wants to dishonor itself by repudiating its obligations. In the second place, why should we attempt to buy the disarmament of Europe by canceling debts amounting to \$11,000,000,000 which are justly due us, and which must in the end be liquidated by taxing the American people if our debtors are released from their obligations? If the nations of Europe can not get together and settle this problem without calling on the United States for \$11,000,000,000, then European statesmanship must be at a low ebb.

In the third place, what guarantee could be given that the disarmament plan so purchased would be carried out and observed by future governments or future generations?

FUTILITY OF PURCHASE

Let us assume, for the purpose of discussion, that such a purchase of disarmament could be effected. In that case it could only apply to military, naval, and air armaments and could not reach or limit the human ingenuity which might, within a short time thereafter, devise new and secret methods of warfare which could not be successfully covered by the purchase agreement.

By what possible or conceivable means could the secret processes of the laboratories of each nation be so controlled that an end could be put to the development of those deadly chemicals and substances which will undoubtedly determine the issues of the next war? Who knows the secrets, which each nation to-day is carefully guarding, of the chemical researches, discoveries, and preparations already made for the next conflict? It is impossible to reach these things by treaty or by any sort of bargain or purchase.

Disarmament will be accomplished satisfactorily when, and only when, some new formula is found that will give both economic and physical security to all nations—big and little. Then and only then will the people of the overarmed nations realize the colossal folly and waste of maintaining armaments that add to their burden of poverty.

Some spokesmen in Europe claim that the weight of the \$11,000,000,000 debt which European nations owe to the United States is too heavy for them to carry. I think that I may claim, with reason, that the American people are the most generous people on earth. We are the only nation among the victors in the World War which waived all indemnities, either of land or money. We asked for nothing and got nothing. Besides, we have since the war reduced the obligations of our debtors and have given them 60 years in which to discharge them. Their annual payments to us for interest and amortization are not onerous.

When you take into account the fact that the nations of Europe are expending \$4,500,000,000 annually on armaments and that at least \$3,000,000,000 of this amount is spent every year by our debtors, it is obvious that if each of the nations that owes us should reduce its expenditure for armaments one-half, it could, with ease, continue to pay us on the 60-year plan—in 60 installments—and use the money saved from armaments to improve its own economic condition.

WAR IS COSTLY

Everybody knows that war is disastrous and costly, and everybody knows that its way is marked by blood and tears; everybody knows that it leads to national poverty; everybody knows that it is wicked and has no place in a Christian civilization, but this knowledge and the moral conviction that it implies have had small effect in preventing war or even in promoting disarmament.

The world is full of sore spots, and every sore spot is likely to spread its infection and become a breeding place for future wars.

Russia is a sore spot. For all practical purposes Soviet Russia is looked upon as an outlaw in the community of nations. Why? Because the Russian people have established a system of society—and of government—which does not agree with the ideas current in the rest of the world. We do not like communism, and most of the peoples of the earth, outside of Russia, agree with us. Therefore the United States, in common with other powers, declines to hold diplomatic intercourse with the Russian Government.

Permit me to say that our attitude is in direct contradiction of our historic principles. We have always held that the people of any country have an unalienable right of self-determination. It was on that very point that we made our fight for independence. It is asserted in our Declaration of Independence that "it is the right of the people to alter or abolish it (government) and to institute new government, laying its foundation on such princi-

ples, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness."

I do not believe in communism myself, but if the people of Russia want a communistic government why should we treat them as pariahs and outcasts and refuse them recognition when they have done exactly what our Declaration of Independence asserts that every people has a right to do—establish a government on "such principles and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness."

MUST CONSIDER RUSSIA

Russia is, of course, armed from head to foot. Can you blame her? If you call a man an outlaw and stand around his house making threatening gestures, should it be a matter of surprise if he appears at the door with a shotgun in his hand?

No effective plan of disarmament can be made unless Russia is taken into the family of nations and becomes a party to it.

Civilization can not go forward much further until we get rid of the sore spots.

Against the background of modern culture and philosophy war stands as a disease of civilization.

The first thing to do in a disease is to ascertain its causes, to make an accurate diagnosis. Then, with the facts in hand, we may proceed intelligently to devise a remedy. We can not cure a cancer by subscribing to a formal resolution that cancers shall be outlawed; that they shall not exist; and we can not abolish war by resolutions, or even by treaties, declaring that war shall be outlawed; that it shall not occur.

The chief cause of modern wars—but not the only cause—is economic pressure, and this is brought about in turn by complicated social forces.

The tone and temper of our civilization emanate from a highly developed individualism. That is the keynote. Every man looks out for himself first of all. Then he stands for his own community and for his Province or State, and then again he is for his own country, as opposed to the rest of the world. These are natural impulses; they belong to the inherent qualities of life. But when they are accentuated and sharpened to a keen edge—as they are to-day throughout the world—they become as dangerous as dynamite. They bring out and develop all the combative elements in the human spirit.

The individualistic civilization worked well for a long time. It worked well enough while the modern world was new, while there were new countries to exploit, and while the consuming demand for commodities continued to open up great vistas of commercial opportunity.

INDIVIDUALISM PASSING

The age of individualism is now drawing to a close, because the field for exploitation is growing smaller and smaller. This situation has been enormously emphasized by the fact that there is no curb on production, no effective regulation of commercial activity, no restriction which sets a limit on money-making. These conditions prevail in every community and in every country.

When a business concern is pressed by the necessity of enlarging its market to keep its plant going and pay wages and profits it attempts to undersell its competitors, to push them off the map, so to speak. The same tendency inspires the policy of nations; and as we behold the world at this moment we see it composed of national groups engaged in bitter commercial rivalry. Governments are furthering the efforts of their nationals, and necessarily so, because the people in these overpopulated European States can not exist upon themselves alone; they must have outlets. This competition in the economic field, with its incidental corollary of territorial acquisitions and expansion, is a fruitful source of war.

These rivalries encourage national hatreds, and the two things combined operate to cause burdensome armaments through the use of which, when needed, each nation hopes not alone to maintain existing advantages and to acquire others, but to weaken, if not to destroy, any effective competition by its neighbors.

The intense political and military nationalism that stares at us from the dispatches in every newspaper is accompanied by the economic nationalism that I have tried to depict. Every nation in continental Europe sits behind a tariff wall which prevents the free movement of commerce. They are all following the example of the United States, under the impression that the great wealth of this country has been created by our prodigiously high tariff. Our tariff has made us an economic enemy of the whole world. At the present time not less than 47 countries have set up special tariff restrictions that apply to American imports in retaliation against our own commercial barriers.

ECONOMIC WAR

The forerunner of every military war is a long-continued and silent economic war. The best way and the surest way to end wars is to build up, gradually and by degrees, a genuine economic international order that will afford every nation economic security and a fair opportunity for economic expansion.

Much good might be accomplished by an international conference on the economic conditions of the world. The first conference would lead to others and might eventuate in the establishment of a permanent council on economic affairs.

As I see the problem of disarmament, it has three distinct branches:

First, direct and complete disarmament, or, in the event that can not be achieved, a reduction, and the largest possible reduction, in the size of army and navy and air forces. This might be effected by treaties or agreements, provided that some formula for national security can be devised.

Second, a consideration of economic and other factors that lead to wars, with a determined purpose to rectify them. A strong and sustained effort to do this would be beneficial, even if it failed to solve the entire problem.

Third, a campaign of education to abate the intense nationalism that prevails throughout the world, and to build up, in its place, a genuine spirit of international friendship.

In the course of this address I have discussed some of the causes that lead to war. There is one cause that I have not yet mentioned—and that is the fighting spirit of the human race. Man is a fighter by nature, by instinct. Civilization has come out of the dark jungle of savagery by virtue of its fighting spirit. In the course of history men have fought each other, they have fought nature, they have fought savages, they have fought disease, they have fought poverty. As fighters they have widened the horizon of human consciousness and human energy.

We can not abolish the fighter; to get rid of him would be to set us back immeasurably in the scale of progress. But we may sublimate his energies. I get this term of sublimation from the psychoanalysts. They have proved that the destructive instincts may be transformed into dynamic forces of benefit to the world; that evil may be turned into good and ugliness into beauty.

Human nature has a wide range. At one end of the fighting scale are those who combat disease and poverty, at the other end is the murderer who kills his fellow men.

TURN FIGHTER TO OTHER TASKS

To abolish war we must sublimate the war impulse, we must still keep the fighter, but we must give him an objective that has nothing to do with destruction. We must make the soldier a constructive force; we must turn his fine heroism and his energies into something that benefits humanity.

Let us fight the obstacles of nature. Let us fight poverty and disease. The building of the Panama Canal was not only a great achievement but it was also one of the greatest battles in all history. It was a battle against torrid heat and swamps and against a mountain that kept on sliding down. Its strategy and its end were constructive.

Let us do other things like the Panama Canal. Let us employ the talent and the courage of the soldier to make the world a finer and better place to live in.

The Russians are doing it. They have made constructive achievement take the place of war. Every Russian to-day is enlisted in an army of progress. The 1,200-mile railroad that reaches far down into Turkestan was built by what is known in Russia as "shock troops," and that means workers who lived in the spirit and temper of men in the trenches. To-day these so-called shock brigades of workers are rebuilding Russia. For example, it is decided to rebuild some filthy, antiquated village. As a first step the entire population is moved out and sheltered temporarily elsewhere. Then the army of skilled workers advances with the precision of a military force. They bring with them all the material for setting up a new village. In a short time, like a miracle, almost, a new village stands in the place of the old one—and the new houses are sanitary, roomy, well lighted, and comfortably heated.

WORLD CONFERENCE CALLED

A world disarmament conference has been called by the League of Nations, to meet in February, 1932. This conference will be the most important of all the conferences that have been held on this subject. It should lead to important and decisive results. Meanwhile the people of all the nations concerned should be aroused to the imperative necessity of compelling their respective leaders—and they will not be deaf to public opinion if it is expressed loudly and unequivocally—to get results, not in the form of empty resolutions but in the form of international agreements for a drastic reduction in the burden of armaments.

For several years a permanent commission of the league has been engaged in the study of the question from a strictly military and naval point of view, and this commission is prepared to present, as I understand it, a well-conceived scheme for the reduction of military, naval, and air forces. All members of the league will be represented, and Russia and the United States have been invited.

Let us hope that our country will assume the dignified rôle of an actual participant, and not that of a weakening observer in this conference, and use its influence to secure practical results.

Let this be followed by a similar conference on economic affairs. It would mark the beginning of a new epoch in international relations. At such a conference the important issues that underlie the structure of world commerce might be discussed freely and openly.

We could get the expression of the representatives of all nations on such questions as a possible world currency; upon the establishment of some satisfactory ratio between silver and gold, so that silver may again play its proper and useful part in world commerce; upon the advantages and disadvantages of tariff systems, and upon the regulation of industries and the competition of nations for world trade.

These problems, economic and military, deeply concern the future of civilization and the welfare of mankind throughout the world.

FOREIGN-DEBT MORATORIUM

The Senate resumed the consideration of the joint resolution (H. J. Res. 147) to authorize the postponement of amounts payable to the United States from foreign govern-

ments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.

Mr. JOHNSON. Mr. President, when we adjourned last evening I was endeavoring to demonstrate that the original proposal made by the President on the 20th day of June last was a very different thing from that which ultimately was put in operation by him, and that the assent or acquiescence given by Members of the Congress to the proposal originally made by the President was an assent and an acquiescence to a very different thing from that which ultimately was agreed upon and finally put in operation. I demonstrated that fact by the agreement, substantially a treaty, which was initialed by the Government of the United States and the Government of France on the 6th day of July last. That particular agreement, constituting as it did a treaty between the United States and France, if treaties can be made that way, was for a proposal and for a moratorium very different in character from the proposal and moratorium which were suggested originally on the 20th of June by the President of the United States.

Not only was that so, and the documents bear me out in that regard, but in addition to that the nations interested in the proposal themselves met in London on the 11th day of August, 1931, and they entered into a treaty, a treaty in relation to the President's proposal and in relation to a moratorium to Germany.

Now, mark you the dates, because we know that haste was so essential. Mark you the dates, because we understand there was a crisis that had to be met in an extrajudicial and an extralegal and an extraordinary fashion by the President of the United States, and which did not permit the Congress, the poor miserable Congress that only represents the people of the United States, from being called in special session in order to deal with a crisis in our affairs and in the affairs of all the world.

On June 20 the proposal, and then came the happy and blithe acquiescence by 68 Senators and 276 Representatives. How often has it been asserted in the press and shaken in our face by Mr. Mills and others that 68 Senators and 276 Representatives immediately agreed to the moratorium of June 20!

Then comes July 6, when France for 16 days, standing like a lion in the path of the moratorium says, "You can not have it and it will not be adopted by France unless France is made a preferred creditor to the amount of \$125,000,000."

Then came on that day, July 6, an agreement, a treaty, made between France and the United States of America. O ye here who are jealous of your prerogatives as Senators—I will amend that and say, if there are any here who are jealous of their prerogatives as Senators—think of the Constitution of the United States; think of the orderly processes of the institutions of America, and recall with me that agreement made on the 6th day of July, 1931, when Congress could not act, when Congress could not be called, when Congress could not do what was essential for the American people in a world crisis, and the executive branch of the Government alone did the job, and did it not as the President proposed but as France insisted it should be done.

Oh, the Constitution is a glorious thing, Mr. President; it is the bulwark of our liberties; it is the ark of the covenant so far as America is concerned, but I am afraid that it possesses all its virtues in one amendment alone, concerning which I hear so much from constitutional expounders and others who prate about the founders and what they gave to us in this marvelous document. Constitutional expounders in this body ought to resent what has transpired so far as this moratorium is concerned. I am perfectly certain before this debate shall have been concluded that gentlemen far greater than I am, who always expound the Constitution, who stand always as adamant for the Constitution, and who never permit under any circumstances any usurpation under it—I am perfectly certain that those expounders of the Constitution in the United States Senate will stand here in their majesty and their might and resent the fact that the Constitution of the United States was so literally flayed and frayed as to become, when it was utilized in behalf of foreign

nations to put a burden of taxation upon the American people, a mere scrap of paper, torn into a thousand bits and scattered to the four winds of heaven upon this moratorium.

Not only did the United States on July 6 enter into the agreement with France but, to repeat, on the 11th day of August the nations interested entered into their agreement. I read, sir, from Miscellaneous No. 19 (1931), Report of International Committee of Experts, Respecting Suspension of Certain Intergovernmental Debts, * * * Protocols, and Declarations * * * Presented by the British Secretary of State for Foreign Affairs to Parliament by Command of His Majesty.

It is rather an extraordinary thing, perhaps, for a Senator of the United States to go to the proceedings in Parliament and the official documents of the English Government to demonstrate what affects our people; but, Mr. President, sometimes it becomes essential, in order to get at the facts, to resort to the official publications of other governments, and only from them can we sometimes learn what has been done in respect to our own.

Here is the protocol concerning Germany. It is dated August 11, mind you. We had June 20 and July 6. Congress could not be called in session because of the world crisis and the necessity for haste. Now we have August 11, when finally the agreement was made by the other nations that were interested in the moratorium. From June 20, therefore, to August 11 is a period of only 52 days. There was not time during that period, of course, to ask the Congress to come together and to act upon the crisis; there was not then, of course, opportunity to inform the American people; but other governments acted in the fashion I have described and on the dates mentioned. Here is the protocol of the agreement of August 11:

Whereas on the 20th June, 1931, the President of the United States of America made proposals for the suspension of intergovernmental debts falling due during the year 1st July, 1931, to 30th June, 1932;

And whereas the governments' signatories of the present protocol have accepted the said proposals and have agreed to apply them in particular to the obligations of the German Government under the agreement signed at The Hague on the 20th January, 1930;

And whereas the French Government and the Government of the United States of America concluded an arrangement on the subject at Paris on the 6th July, 1931;

And whereas it is accordingly necessary to provide for the application of the new plan in the conditions thus created;

And in view of the report, dated the 11th August, 1931, drawn up by the experts who met in London for this purpose:

The undersigned, duly authorized to that effect, have agreed as follows—

Then comes article 2:

The payment of the unconditional part of the annuity from the 1st July, 1931, to the 30th June, 1932, and of the reparation tax due by the German Railway Co. from the 1st August, 1931, to the 1st July, 1932, will be governed by the provisions of annex 1 to the present protocol.

And in the annex 1 they provide, as we have learned, for the particular allocation of those unconditional payments.

There was no mistake among the governments which signed this document, and which were Belgium, Great Britain, Canada, Australia, New Zealand, South Africa, India, the French Republic, the Helenic Republic, Italy, Japan, Poland, Portugal, Rumania, Czechoslovakia, and—

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Minnesota?

Mr. JOHNSON. I yield.

Mr. SHIPSTEAD. That is the protocol that was agreed upon, and, as I understand the Senator's reading of it, it refers to the payment of reparations?

Mr. JOHNSON. Yes.

Mr. SHIPSTEAD. And this question is now before the Senate?

Mr. JOHNSON. Yes, sir.

Mr. SHIPSTEAD. If the Senator will permit me, I should like to read just a line from the President's message.

The VICE PRESIDENT. Does the Senator from California yield for that purpose?

Mr. JOHNSON. I yield.

Mr. SHIPSTEAD. The President in his message says:

We are not involved in the discussion of strictly European problems, of which the payment of German reparations is one.

Mr. JOHNSON. Now, Mr. President, in addition to the protocol that thus was entered into, the Governments of Belgium, Great Britain, Italy, and Japan addressed a communication or made a declaration respecting the protocol concerning Germany.

This is the declaration of these countries:

On the occasion of the signature of the protocol—

May I say that this declaration was made on the 11th of August, 1931—

On the occasion of the signature of the protocol for the application of the proposal of President Hoover to the German reparation annuities—

"For the application of the proposal of President Hoover to German reparation annuities"—

the following declarations have been made—

You see, Mr. President, there was no mistake about what was intended by the original proposal of the President of the United States—

The undersigned, on behalf, respectively, of the Governments of Belgium, Great Britain, and Northern Ireland, Italy, and Japan make the following declaration:

As regards the principles of the application of President Hoover's proposal, the Governments of Belgium, Great Britain, and Northern Ireland, Italy, and Japan would much have preferred the simple system of postponing all payments for one year throughout the period of the new plan.

That is exactly what it was asserted was said by the President of the United States on June 20; that is exactly what he proposed; that is exactly what some Members of the Senate and House agreed to in their telegrams when they legislated on this important subject in that fashion; that is exactly what these other countries involved believed had been asserted by the United States of America.

But—

Proceeds the communication—

In order to achieve unanimity, the aforesaid governments are willing to accept the proposals embodied in the Franco-American agreement.

They are willing to accept the proposals involved in the agreement signed July 6, 1931, which are not the proposals made by President Hoover on June 20, 1930. Although they would have preferred to accept the original proposals, they accept the new proposals and the new plan, as they describe it in their protocol. As we proceed very briefly with the argument upon this subject, Senators will see the importance to us from every standpoint of fair dealing, frankness, and candor about this new plan thus presented by France and the United States.

In order to achieve unanimity, the aforesaid governments are willing to accept the proposals embodied in the Franco-American agreement. These proposals have, however, the effect of imposing a substantial additional burden on Germany during the year 1933 onwards, which may have the effect of prejudicing the position of these governments.

Oh, we agreed about how necessary it was for us to do something for Germany—not something that we were bound to do, not the release, not the forgiveness of a debt that Germany owed us, but it was necessary for us to do something for Germany by forgiving our debtors other than Germany. I omit the discussion of the small sum that may be due us from Germany on account of our army of occupation there, because that is of little or no consequence.

We had no obligations of the sort against Germany herself. We had obligations against Great Britain, France, Italy, and other nations. I can not impress that too strongly upon you, because we were seeking from our debtors, by forgiving them, some sort of relief for some other country. They were not seeking to grant any relief themselves; but we were taking the initiative by forgiving the debts that were due to us for the year of Great Britain, France, and Italy and postponing them to a future maturity.

These proposals—

I repeat, says this declaration from these governments—

have, however, the effect of imposing a substantial additional burden on Germany during the years 1933 onward which may have the effect of prejudicing the position of these governments. In the application of these arrangements, therefore, they must naturally reserve entirely their rights and interests under existing agreements. These agreements provide that within the framework of the new plan—

Nobody thought it was the old proposal. No government on earth, no one sentient being concerned with the matter save our Congressmen and our Senators, imagined that they were dealing with the original proposal; but they were dealing, these governments and everybody else connected with the matter, with a new plan and a new idea.

These agreements provide that within the framework of the new plan the various creditor governments shall not be prejudiced by the special allocation to France out of the unconditional annuity, and it is essential that the arrangements now proposed should not have the effect of invalidating that principle.

These governments understood just what was being done, that we were making on the 6th day of July and the 11th day of August a new plan, and they were insisting that the special allocation to France should not prejudice them under the old existing order; and they say in their declaration that they would be glad to have an assurance that the French Government had no intention of the kind.

As regards the suspension of the unconditional annuities, the Governments of Belgium, Great Britain and Northern Ireland, Italy, and Japan do not consider that any special procedure was required. They point out that the proposal of President Hoover applied to all intergovernmental debts, whatever their character.

That is the proposal that you subscribed to. That is the proposal concerning which you legislated by telegram. That is the proposal that was given to the world, and that is the proposal that it is pretended now is carried by this joint resolution. These governments officially thus state, and they say in so many words:

They point out that the proposal of President Hoover applied to all intergovernmental debts, whatever their character. In their view it is always open to a creditor government to suspend the payment of any debt due to it, and such suspension in no way derogates from the stipulations governing the debt in question. Nevertheless, in view of the Franco-American agreement, they are prepared to agree that the Bank for International Settlements should obtain German Railway bonds in respect of the whole amount of the unconditional annuity, and they will raise no objection in present circumstances to the distribution of these bonds between the creditor governments in proportion to their respective shares in the unconditional annuity on the understanding that all the postponed German payments shall be repaid in all circumstances on precisely the same basis.

Then the Government of Belgium, the Government of Great Britain, the Government of Italy, the Government of Japan are the signatories; and on the 11th of August, 1931, France, having received exactly what she desired, having won her point, wrote that in view of the circumstances and the existing agreements, including the new agreement, she did not intend to do otherwise than those agreements provided for.

Thus we have the 11th of August passing with the governments of the world that were interested in the moratorium expressing what it was, knowing what it was.* The only people, apparently, who did not understand what it was were our own people; and we labored under the delusion for a considerable period of time that we were carrying out the original purpose as expressed in the statement of the President on June 20, 1931.

I was quite interested in reading in the House debates the remarks of a very distinguished and a very able gentleman, for whom I have the very highest respect. I realized then that perhaps there was a confusion abroad, even in the Congress of the United States, as to what we were doing; and I read his remarks because, while I believe that he understood the situation thoroughly, they leave doubtful and ambiguous just exactly what is done by the joint resolution in question here.

Reparations—

Said he—

are used in the resolution to say to France, to England, to Belgium, and to all of those countries, that if they do not grant their

debtor, Germany, a moratorium for a year on every kind of debt they have against Germany of a public character—

"On every kind of debt they have against Germany of a public character"—

including their claims for reparations, we will not grant them a moratorium on the amounts they owe us. America would have been foolish to grant France and England a moratorium of what they owe America and then permit Great Britain and France to collect the reparations due them by Germany. That is the only reason reparations are in the resolution, describing the character of the debts on which other countries must grant moratoria in order to secure the benefit of our moratorium.

Thus I find, in talking to various people in respect to this matter, that some of them labor under the delusion that we are forgiving a debt that Germany owes us. Some of them have the illusion that this joint resolution applies to every debt that Germany owes to every other nation. Keep in mind, therefore, that Germany owes us nothing save the small amount I have indicated, that is of no consequence in this debate. Keep in mind that the other countries have done just exactly as the most concerned of those other countries wished to do, and that France, after her long contest, won exactly what she desired to win. She maintained the integrity, as she believed, of the Young plan; and she received, in the fashion that the agreement between the United States and her provided, the unconditional reparations.

Now let us turn to the President's message of December 10, 1931; and in order that there may be no question as to my quotations from it I should be glad if the distinguished Senator from Utah [Mr. Smoot] would follow me while I recur to this message and comment upon it. I should be very glad if he would follow me, because I want with meticulous care to deal with this message and to leave with you then the thought whether or not that message is one that should commend itself to the Senate of the United States or to the Congress. I leave it with you then to determine, when finally we have concluded with it.

He starts with the World War debt postponement:

With the support of a large majority of the individual Members—

I resent it every time I read it.

With the support of a large majority of the individual Members of the Senate and House, I informed the governments concerned last June that—

I resent it because it is a mode of legislation that will return to plague you in the future. To-day you may believe that you have in the White House the greatest man who ever sat there. You may believe that he possesses within his own physique all the virtues that God can give to any human being, and that his head makes him a superman among those upon this earth. I do not question it here, and I am not prepared here to discuss that question at all. You here who respond to him may have an opinion of him with which I will not for the moment disagree; and you may assume that when he speaks he speaks from on high, and that his words come down from Sinai to us, and that they must be at all hazards obeyed. You may grant to him every one of those traditional characteristics that we have loved to give to Presidents of the United States, and you may imbue him with a godlike power to deal with the destinies of the American people.

I do not care whether that be your view, or your view be the reverse. When any man sits in the Executive Office in this Government as President, and when he seeks to legislate without the formalities required by the Constitution, when he deals with what means the very lifeblood of the people of this Nation, when he seeks to put upon them the burden of taxation that is not theirs in order to relieve Europe, when he deals with a subject that belongs to the Congress of the United States, if he deals with it otherwise than as the Constitution directs, if he violates the spirit of American institutions, and you tolerate it, you have taken the first step that these international bankers wish us to take. You have taken the step toward dictatorship; and in days to come that step will rise to plague you and those who follow you.

This is the first false step. This is the entering idea by which an executive official may legislate as he sees fit and in defiance of the Constitution and the institutions of America. This is the first time in the history of my life, in this body or elsewhere, when any man sitting in Executive Office has arrogated to himself the power, by a Western Union telegraph blank, to take from the people of this country \$250,000,000 and saddle them with a deficit to that extent and make them pay it in unheard-of taxes.

It is because of that, really, more than because this whole thing I believe to be wrong, that I raise my voice to-day in opposition.

It does not matter that the voice of the people does not carry to the sacred precincts of the White House, where you gentlemen meet and you gentlemen decree our fate. It does not matter that that voice can go no further than this Chamber. Nevertheless, there rests upon the men who sit here an obligation, an obligation under their oaths, to stand and protest whenever their constitutional power is usurped or whenever the laws of this land shall be trampled under foot either by one man or another, or any set of men, or with the consent of any set of men, no matter who they may be. So it is that to-day I am protesting in my feeble way against this particular usurpation of power.

To-day it is my turn, my friends, to feel it. You do not, because you have consented to it in writing. That is your right. I do not criticize you by my repetition of what has been done and do not intend it in that fashion. To-day I feel it because of the intensity of a temperament which brooks no opposition when it believes the power of this Nation has been subverted, and subverted without the right of law.

I to-day feel it. You do not. Let the precedent be established; let yourselves vote this moratorium upon the facts which have been presented during this discussion, and you have established a precedent in this land, and none can tell where it will lead. The only thing that saves this country to-day from all of the turmoil which exists in some of the other nations is the fact that those who live in our bucolic territory have an inborn and instinctive love for law and order; and no matter what transpires, no matter what burdens may be put upon their backs, still they believe in law and order, and they never will initiate change or revolution.

We are different in that regard from the people in other lands, if we may believe the historical statements of what has transpired in other countries. But once let these heavily burdened farmers of ours feel the pinch as those in the great cities feel it, once let enter their souls the iron that has entered the souls of many in the great cities of the land, once let these men of the soil unite against what they may think is their betrayal, once let them unite with the spirit which you know is rife in the great cities in this land, and no man can foretell what may transpire.

To-day I would stop it at its very threshold in the usurpation of law and the violation of the Constitution. To-day I would make plain that whatever there may be in this land, whatever may transpire, there is one body, at least, legislative in character, representative of the people, which will ever stand for that which is right and that which is law.

It is because here we face the first great violation that has been attempted by an Executive that I inveigh against what has been done; and you, with your knowledge of what has transpired in the past, with your prescience as to what may happen in the future, should unite with me in preventing it.

It does not make any difference whether your views are of one sort or are of another sort upon the moratorium. Here is a fundamental question involved, a fundamental question concerning our institutions and concerning our Constitution; and upon that fundamental question there should not be either debate or difference among men who stand upon their own feet and will go their own way, fight their own battles and the battles of those who sent them here.

Mr. President, I am returning now to the message of the President, and I am glad the Senator from Utah [Mr. Smoot] has it in his hand, so that we may read it together:

With the support of a large majority of the individual Members of the Senate and House—

Just think of it, a large majority of the individual Members of the Senate and the House!

I informed the governments concerned last June that—
"The American Government proposes the postponement during one year of all payments on intergovernmental debts, reparations, and relief debts, both principal and interest."

I am reading now the President's words, transmitted to this Congress December 10, 1931. What is it that he says?

The American Government proposes the postponement during one year of all payments on intergovernmental debts, reparations, and relief debts, both principal and interest.

Then he proceeds:

Subject to confirmation by Congress, the American Government will postpone all payments upon the debts of foreign governments to the American Government payable during the fiscal year beginning July 1 next, conditional on a like postponement for one year of all payments of intergovernmental debts owing the important creditor powers.

In making this proposal, he publicly stated the purposes, and he proceeded then with the purposes stated. Then subsequently he uses these words, which appear on the second page of the message:

I wish to take this occasion also to frankly state my views upon our relations to German reparations and the debts owed to us by the allied governments of Europe. Our Government has not been a party to, or exerted any voice in determination of, reparation obligations. We purposely did not participate in either general reparations or the division of colonies or property. The repayment of debts due to us from the Allies for the advance for war and reconstruction were settled upon a basis not contingent upon German reparations or related thereto. Therefore, reparations is necessarily wholly a European problem with which we have no relation.

But in the first sentence he uses he says:

The American Government proposes the postponement during one year of all payments on intergovernmental debts, reparations, and relief debts.

So it does not make any difference what flexibility there may be in language, what high-sounding words may be used, we do connect, and inextricably connect, the reparations and the war debts.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Massachusetts?

Mr. JOHNSON. I yield.

Mr. WALSH of Massachusetts. Granting that the President did an extraordinary thing, perhaps an illegal thing, in failing to convene Congress—

Mr. JOHNSON. I will answer any question the Senator may ask.

Mr. WALSH of Massachusetts. I would like to inquire of the Senator whether he thinks the President exaggerated or misrepresented as to the actual conditions in the world.

Mr. JOHNSON. I think he was utterly in error as to what was absolutely essential to be done. I have no doubt upon that point, and I want to call this to the attention of Senators: We forgave \$250,000,000 to France, Great Britain, and Italy. Doctor Melchior testified before the commission in Switzerland that Germany had paid substantially \$250,000,000 in short-time credits in the past six months. There is the relationship, and it does not require a man with a microscopic eye or a Senator with a brain as acute as that of some of those who are here before me or some of those who are not to understand that. You can understand just exactly the relationship that thus existed.

I follow now with another paragraph from the President's message:

I do not approve in any remote sense of the cancellation of the debts to us.

I leave comment upon that for a subsequent moment.

I do not approve in any remote sense of the cancellation of the debts to us. World confidence would not be enhanced by such action. None of our debtor nations have ever suggested it. But as the basis of the settlement of these debts was the capacity under normal conditions of the debtor to pay, we should be consistent with our own policies and principles if we take into account the abnormal situation now existing in the world. I am sure the American people have no desire to attempt to extract any sum beyond the capacity of any debtor to pay, and it is our view

that broad vision requires that our Government should recognize the situation as it exists.

This course of action is entirely consistent with the policy which we have hitherto pursued. We are not involved in the discussion of strictly European problems, of which the payment of German reparations is one. It represents our willingness to make a contribution to the early restoration of world prosperity in which our own people have so deep an interest.

I wish further to add that while this action has no bearing on the conference for limitation of land armaments to be held next February, inasmuch as the burden of competitive armaments has contributed to bring about this depression, we trust that by this evidence of our desire to assist we shall have contributed to the good will which is so necessary in the solution of this major question.

That is the end of the quotation, and I congratulate the President, and I am delighted to be able to congratulate the President—I call the attention of the Senator from Utah [Mr. SMOOT] to this, if the Senator from Utah will give me his attention. I congratulate the President, and I am very glad to be able to congratulate the President on what I now read. I wish, sir, always when he does an act which is of the sort that I believe ought to be performed to give him his full meed of credit. Immediately after that portion which is in quotation, which I have just read, the President said, of course, in his message to the Congress of the United States these words, and I congratulate him upon them:

Since the statement of the 20th of June was made, which I have just quoted, the proposal of the American Government had to be altered because France would not agree to it. France insisted that the unconditional reparations, which, of course, were included in my original proposal, should be paid by Germany, and the most that could be obtained from France was that upon the payment of these unconditional reparations, amounting substantially to \$125,000,000, this sum should be reloaned to Germany upon bonds which should be underwritten by the German Government, and which would be reloaned to the German railways. Reluctantly I was compelled, therefore, to transmute the proposal originally made for the postponement of payments on all intergovernmental debts into postponement, so far as reparation payments by Germany were concerned, to conditional reparations only, and to exclude from the operation of the moratorium the unconditional reparations due to France.

Of course, under the circumstances, the 276 Members of the House who acquiesced in the original proposal, and the 68 Members of the Senate who did likewise, are at full liberty to exercise their individual judgments upon the altered and different proposal which finally was agreed to by me with France on the 6th day of July, and accepted by the other nations concerned on the 11th day of August.

That is a statement which I think the Senator from Utah will agree with me was a candid and a frank and a fair statement to be made. I ask him if he does not.

Mr. SMOOT. I certainly do as to the amount which was loaned to the railroads; and not only that, but with the situation as it existed at that time the President could not have made any other statement, as the amount of money was loaned to the German railroads, and certainly had to be taken into consideration, and it was, in the settlement, and the money remained in Germany.

Mr. JOHNSON. Mr. President, may I congratulate the Senator from Utah upon agreeing with me upon the fact that this was a frank and a fair and an open statement made by the President of the United States to the Congress, and, of course, being that kind of a statement, it ought to have been made. But the difficulty is that while the Senator from Utah agrees that that was a frank statement for the President to make, and while we all agree that he ought to have made it, he did not make it at all. I interpolated in this message, merely for the purpose of illustration, the facts in order that I might have the agreement of the Senator from Utah, who is always, fair, open, frank, candid, and aboveboard—that I might have his indorsement when I read this interpolation into the message.

So, Mr. President, we have a message here that should have shown the facts and that did not show the facts. Would it not have been better, sir, would it not have been something which we would all have appreciated more—the Senator from Utah and I assuredly would have appreciated it more, I know, from the admission that he has made—instead of leaving the message where it stopped, without a word concerning what was done with France or what the other nations of the earth did with this moratorium—

would it not have been more in consonance with fairness and with frankness and with what transpired, for the President to have given us the details, as has been asserted ought to have been given by the Senator from Utah and myself?

Mr. President, this message I continue to read because I wish to show just exactly what its implications were:

All the important creditor governments accepted this proposal.

Not the proposal of France, not the proposal that we just read as a part of the message by way of illustration. They accepted "the proposal," says the President.

All the important creditor governments accepted the proposal.

This is the proposal, the proposal of June 20, 1931.

The necessary agreements among them have been executed, and creditor governments have foregone the receipt of payments due them since July 1, 1931.

I read, in justice to the President, the remainder of the message:

The effect of this agreement was instantaneous in reversing the drift toward general economic panic and has served to give time to the peoples of those countries to readjust their economic life. The action taken was necessary. I am confident it commends itself to the judgment of the American people.

Payments due to the United States Government from many countries, both on account of principal and interest, fall due on December 15. It is highly desirable that a law should be enacted before that date authorizing the Secretary of the Treasury, with the approval of the President, to postpone all payments due us on account of debts owed by foreign governments to the United States Government during the year ending June 30, 1932, and to provide for their payment over a 10-year period beginning July 1, 1933.

As we approach the new year—

Here is a message of a different nature and a different kind:

As we approach the new year it is clear that a number of the governments indebted to us will be unable to meet further payments to us in full pending recovery in their economic life. It is useless to blind ourselves to an obvious fact. Therefore it will be necessary in some cases to make still further temporary adjustments.

The Congress has shared with the Executive in the past the consideration of questions arising from these debts. I am sure that it will commend itself to the Congress, that the legislative branch of the Government should continue to share this responsibility. In order that we should be in position to deal with the situation, I recommend the re-creation of the World War Foreign Debt Commission, with authority to examine such problems as may arise in connection with these debts during the present economic emergency, and to report to the Congress its conclusions and recommendations.

There, Mr. President, is the message of the President. Not a single, solitary word is said concerning what transpired after the 20th day of June, 1931. All the governments of the earth that were interested accepted the proposal contained in the agreement between France and our Government of July 6, saying that conditions had changed. There in their protocol is their view on August 11 that these conditions had changed. Here in this country, notwithstanding other nations believed in the changed conditions, notwithstanding it was conceded by those high in power that there had been a change in the conditions that had existed, not a single solitary word, not a single sentence is found in the message of the President to the Congress on the 10th day of December, 1931, in relation to those changes.

I do not approve—

Says the President—

in any remote sense, of the cancellation of the debts due to us.

I make no play upon words and I do not assume, as one would have the right to assume, that "remote" might be read in the context in which it is used, to indicate that he had no remote but a very near idea. I take it that what he means is—and I make no play upon the word—that even remotely he does not intend to consider cancellation of debts. His language is unfortunate, as unfortunate, I am sorry to say—because I am always irritated when I see it—as the split infinitive in which his literary secretaries indulge. Passing the construction of the language, forgetting the split infinitives of the literary secretaries, let us see what is meant

by his statement that he does not even remotely believe in cancellation of the debts.

It is perfectly obvious that he does believe in scaling down the debts. It is perfectly plain from the remainder of the message that he does believe in reduction of the debts. I was delighted to have the testimony of the Senator from Utah [Mr. Smoot] and the Senator from Pennsylvania [Mr. Reed] that they were unalterably opposed not only to cancellation of the debts but unalterably opposed to any reduction or any revamping of the debt settlements that had been made. But that is not the position of the President of the United States. It is not his position, for he states, and states it here so that there is no misunderstanding:

As we approach the new year it is clear that a number of the governments indebted to us will be unable to meet further payments to us in full pending recovery in their economic life. It is useless to blind ourselves to an obvious fact. Therefore it will be necessary in some cases to make still further temporary adjustments.

There is only one meaning to that, of course. It will be necessary, in his opinion, to indulge in reductions or in modifications of the debt settlement, and in reductions undoubtedly to the debtors who are indebted to us. To make that perfectly plain he asks for the re-creation of the World War Foreign Debt Commission. Of course, we would not re-create the World War Foreign Debt Commission for the purpose, as was well said yesterday by the Senator from Nebraska [Mr. Howell], of revising upward. We would re-create it for the purpose of revising downward. That goes without saying, and none, I take it, will deny it.

So the President of the United States in his message to the Congress on December 10 said substantially that he favors reduction of some debts and the re-creation of the World War Debt Commission in order that that may be accomplished. Oh, what a dreadful state; what a terrible situation is here presented. Oh, how the mighty have fallen, and how their views have been changed, perhaps contaminated by association with men upon this floor, for here we find the Senator from Utah [Mr. Smoot] and the Senator from Pennsylvania [Mr. Reed] in disagreement with the President of the United States and taking a position directly opposite to that which is taken by him. If it is excusable in them, on what theory is it inexcusable in you? I do not say inexcusable in me, because that is a matter of absolute and complete indifference so far as I am concerned. But I read in the debates upon the floor of the Congress of man after man asserting that the President had done something he ought not to do, but because he had done it they were going to vote for it—a philosophy of government which, if carried to its logical extreme, would mean no government at all and no Congress at all. Of course, I can not subscribe to that kind of philosophy.

But the awfulness of the Senator from Utah and the Senator from Pennsylvania being against any debt cancellation or debt reduction at all is something that after all should stir the hearts of every one of us in this body and make us feel, during these hectic days in this land, that after all there are Senators of one degree and Senators of another degree in this body who disagree with the President, and it is a very difficult thing to have a line of demarcation between those of the one degree and those of the other. So as to our friends disagreeing with the President, I congratulate them because they are right. I congratulate them because the debts ought not to be scaled down and they ought not to be canceled.

There is only one way in my opinion to deal with those debts, just one way. Stand our ground in reference to those debts! Let any nation default that desires to do so. Let any nation that wishes refuse to pay what we legitimately and rightfully ought to be paid. Maintain our position in reference to those debts and let any debtor of ours default that desires to default.

We are pretty close to having learned our lesson now. We knew it for 100 or more years. We forgot it in the last 15 years. We are learning it over again to-day. Let Europe default if Europe desires to default. I doubt if many of the nations will default, but let them default if they desire;

and once they have defaulted we will know just where we stand and we will not again commit the errors which have been committed in the last 15 years in this country.

It is a dreadful thing to hear the evidence that has been developed before the Finance Committee. Only three witnesses have been called, but by the testimony of those three witnesses it has been established that over \$4,000,000,000 have been invested abroad by Americans; \$4,000,000,000 that are worth not a tithe of the amount that originally was invested. Mad men, perhaps, were they; mad banks, perhaps, were the banks; mad, indeed, perhaps were the international bankers; but the profits were before them; they saw, as they said, that it was a commercial transaction; they were engaged in that kind of commerce; and over \$4,000,000,000, out of the mouths of three witnesses it has been established, have been invested abroad by the American public.

Let us learn just where we stand; let us stand upon our debts; and when any nation defaults we will understand the implications. If we do not pursue that policy, if we grant moratorium after moratorium to those debtors of ours, then we shall simply be utilizing the modes that they have utilized to take us further into Europe and take us into further financial disaster and adventure there. So let us stand our ground on our debts. Let them default, if they will; and when they default, then we shall go back to the old American rule and the old American tradition perhaps; then we shall be just American again.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Montana?

Mr. JOHNSON. I yield.

Mr. WHEELER. I understood the Senator from California to state that the bankers had sold \$4,000,000,000 worth of foreign loans to the American people?

Mr. JOHNSON. I speak in round numbers; but, according to my recollection, it is over \$4,000,000,000 that three witnesses testified Americans have put into foreign securities.

Mr. WHEELER. Does the Senator know how much the international bankers made on those transactions?

Mr. JOHNSON. No. In the case of the Morgan house it has to be computed upon what they call the "spread." The Mitchell establishment, the National City Bank, showed a profit of about \$26,000,000, according to my recollection of the testimony.

Mr. WHEELER. I did not know but that the Senator from California had computed the figures.

Mr. JOHNSON. I have not computed them all. I am having that done, however.

Mr. WHEELER. I think it would be extremely interesting if we knew how many billion dollars those bankers loaded on to the American public; how much profit they made as commissions, and how much those securities are worth at the present time. It would show, it seems to me, what "suckers" the American people had been in buying those foreign bonds upon the say-so of these self-styled merchants of New York.

Mr. JOHNSON. I think that all of that will be developed; we have only just started on the investigation, and before we conclude I think all of those facts will be thoroughly developed.

Mr. WHEELER. As I understand, all those loans were made subsequent to the World War, were they not?

Mr. JOHNSON. Yes; all the loans of which I have been speaking were made subsequent to the World War.

I say we were in a drunken orgy of speculation during that period; there is not any doubt about it. The gentlemen who appeared before us made no bones of the fact that they were dealing commercially with that sort of thing, and, of course, they "put over" what they could in order that their profits might be made; and that they made great profits there is not any doubt whatsoever.

All those things have been done, and now that our fingers have been burned we understand something of what it is we are dealing with. Now, however, we are dealing not with those particular individuals or with those who may have

mistakenly bought bonds abroad but we are dealing with the butcher, the baker, the candlestick maker; we are dealing with men, women, and children in the United States; we are dealing with them to-day, and because there have been blunders made in the world, because there is a cataclysmic effect concerning the economy of some countries we are saying—God save the mark!—That we will put upon the backs of all the men, women, and children of the United States a deficit of \$250,000,000, and we will make them foot the bill; that is what I oppose. For the love of God, are there not enough Americans in this body to stand here for the American and against his unjust taxation? Talk to me about distress abroad! Tell me that business there is stagnant, that people there go hungry. Good heavens!

In the city from which I come, that never before knew poverty, that has no slums, we feed 8,000 men to-day, men who in the main are just as good as you and just as good as I. We are feeding there the hungry. I see business men with whom I have associated going down the street with haggard faces, worried about where they will be to-morrow.

Let us cast our eyes upon America for a brief period. Do not be European minded when distress stalks in our land. Look here at your own; help the others if you wish ultimately, but look here to your own; help your own people, your own Americans. That is the plea I make. Do not look across the water all the time; do not look to Europe in every phase of every economic difficulty; but look here at America and at Americans. That is the plea that I am trying to make; and we are justified in dealing with this subject in the fashion that I suggest, because certain conditions were unwittingly misrepresented during the period when some Senators and Representatives signed upon the dotted line.

I have shown from the President's message how he neglected to tell you of the events subsequent to the events of June 20, 1931. It was done unwittingly, of course, because when I read the interpolation to the Senator from Utah he said, "That is right; it is a fine thing; that ought to be said to our people." He agreed with me that that kind of frank statement was the one that should be put before the people of the United States and should be told to the Senate of the United States and to the Congress. Unfortunately, we have to dig into the facts ourselves and determine them, and the great Finance Committee—pardon the implied criticism—takes the testimony of Mr. Ogden Mills, which is not even printed for the use of the Senate when this particular matter comes before the Senate. Why all this haste?

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from California yield to the Senator from Pennsylvania?

Mr. JOHNSON. Certainly.

Mr. REED. I think the testimony is printed and on the Senator's desk at this minute.

Mr. JOHNSON. It may have been printed and placed on the desk this morning. I said, however—do not misunderstand me, because the Senator is going to correct me—that when this question came before us it was not printed.

Mr. REED. That is right.

Mr. JOHNSON. That is what I said; that is correct. All right. The Senator from Pennsylvania and I agree as to that; we even agree, as I have demonstrated, on the non-cancellation of debts and their nonreduction. Now, is not that fine?

Mr. REED. We agree on lots of things.

Mr. JOHNSON. Of course, we agree on lots of things; but the difficulty is we disagree with the President on this, and that is a terrible thing. [Laughter.]

Just after the moratorium was put into effect what happened? The sum of \$250,000,000 that belongs to this country, \$250,000,000 that could be applied to the deficit which our people are going to pay for, \$250,000,000 in round numbers, was paid during the last six months, as Melchior testified, in short-term credits. Who holds those credits I do not know. I assume, of course, the banks hold them; I assume that is the natural place where those short-term credits should be. So \$250,000,000, that is going to be put

upon the backs of the American taxpayers, has been utilized for the payment really of the obligations held by the banks. Mr. President, do you realize that fact? Relief of Germany! Oh, yes, what a picture is painted; what a tale is told of the necessity for the relief of Germany, and, when the relief comes, to whom does it go? Who got the money? Two hundred and fifty million dollars, substantially the amount that we forgave our debtors, is paid in short-term credits unquestionably to the banks that held those short-term credits.

It may be said there is not any evidence before us concerning the short-term credits. There is one little bit of evidence thus far—we will have, if the Finance Committee will indulge me, some further evidence, I hope; but we have from the representative of J. P. Morgan & Co. the statement that one bank in New York City holds \$70,000,000 of these short-term credits. He says, of course—and he is entirely right about that—that that does not affect in the slightest degree the standing or the solvency of the bank. That, however, is neither here nor there. One bank in New York City has \$70,000,000 of these short-term credits. Seventy million dollars is a mere "bag of shells," of course, with which none of us should concern ourselves; but \$70,000,000 is a pretty large percentage for one American bank to hold of these short-term credits; and, of course, if the bankers can have their way at the meeting that is being held abroad to-day, they will make these short-term credits and these obligations that are private in character take precedence over governmental obligations—a thing which would be, in my opinion and the opinion of most of us, an utterly outrageous thing to do. There, however, is the situation. Short-term credits to the amount of \$70,000,000 are held by a single bank in New York City. Why should they not be for cancellation? Why should they not want our foreign debts scaled down? Why should they not be for a moratorium and for moratoria from now until all of the debts shall have sunk into insignificance? Why should they not be? They are to make their money out of such transactions; that is what they are for; that is why they conduct their business. That is all right; let us not complain of them; they are transacting their business and making their money; but, for the love of humanity, when we are willing to accord them the right to transact their business and make their money, can we not think for a quarter of a second of the man who is to-day in this country of ours tramping about broke, who has the right to transact his business and make his money and to transact his business and make his money undeterred, unbent, and unhurt by the Government of the United States saddling upon him additional debts and additional taxation?

Now, let me turn with you for a minute to the joint resolution that is before us. I turn to that joint resolution because, first, I want to compliment the House of Representatives upon the amendment they put in it. I congratulate the House of Representatives upon that amendment because it does declare, even though it may be a mere gesture, a policy on the part of the United States that ought to have been declared long ago, and that in stentorian tones every one of us ought to reecho. It says, in section 5:

It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

The House did an excellent thing, they did a fine thing, when they did that; and it is a matter of the utmost regret to me that when the Ways and Means Committee of the House voted upon this amendment every Republican upon that committee save one voted against it. I say it is a matter of deep regret that the Republican Party, in which my allegiance may be tenuous, if you prefer, but to which I do, after all, belong—that the Republican members of the House Ways and Means Committee, with one exception, objected to and voted against that particular amendment, inserted, I think, by the member from Arkansas.

Why do you suppose they did it? Did they do it, because they believed that it was unnecessary or because they be-

lieved that it was contrary to the policy of the national administration? I leave to you to determine which.

But now will you do me the kindness, you who are here at this late hour, to follow me for a moment upon the language of this joint resolution, because this language, in my opinion, does not express what it ought to express?

That in each of the following countries—

Then citing them—

the Secretary of the Treasury, with the approval of the President, is authorized to make, on behalf of the United States, an agreement with the government of such country to postpone the payment of any amount payable during the fiscal year beginning July 1, 1931, by such country to the United States in respect of its bonded indebtedness to the United States, except that in the case of Germany the agreement shall relate only to amounts payable by Germany to the United States during such fiscal year in respect of the costs of the army of occupation.

SEC. 2. Each such agreement on behalf of the United States shall provide for the payment of the postponed amounts, with interest at the rate of 4 per cent per annum beginning July 1, 1933, in 10 equal annuities, the first to be paid during the fiscal year beginning July 1, 1933, and one during each of the nine fiscal years following, each annuity to be payable in one or more installments.

Now read section 3 with me, if you please:

SEC. 3. No such agreement shall be made with the government of any country unless it appears to the satisfaction of the President that such government has made, or has given satisfactory assurances of willingness and readiness to make, with the government of each of the other countries indebted to such country in respect of war, relief, or reparation debts, an agreement in respect of such debt substantially similar to the agreement authorized by this joint resolution to be made with the government of such creditor country on behalf of the United States.

If it is expected to enter into agreements whereby a part of reparations shall be permitted to be paid to France, your joint resolution in frankness and in fairness should state that fact. If it is intended that all the reparations that are due to France from Germany should be foregone for a period of time by France, that fact should be stated in the joint resolution; and it certainly is not frank with the American people to have a section of this joint resolution reading that these countries, "in respect of war, relief, or reparation debts," shall execute "an agreement * * * substantially similar" to that which we execute with the other countries of the earth. It is not a fair proposition thus to express the situation, and it does not state the fact.

It is true that in the beginning of section 3 of the joint resolution it is asserted:

No such agreement shall be made * * * unless it appears to the satisfaction of the President that such government has made—

And so forth, a similar agreement in regard to reparations, and the like. We know that it will appear to the satisfaction of the President that there has been a similar agreement made if all the reparations that are unconditional in character were to be accorded to France. That is just what has been done, and it ought not to be left to any uncertain construction in the future.

I intend, before we conclude, to offer an amendment to strike out "unless it appears to the satisfaction of the President," and to add at the end of that section "that reparations mean both conditional and unconditional reparations." Why not? Why not? Tell me the reason that you make a preferred creditor of one country and not of another. While I recognize that an amendment of that character may not be able to accomplish what I desire, and may not be passed, nevertheless it ought to be passed, and the joint resolution ought to show on its face exactly, so the American people can understand exactly what is to be done. The joint resolution as it is written to-day does nothing of the sort, for it describes that which we are to have in return for our moratorium. It says that the other countries indebted to such country "in respect of war, relief, or reparation debts" shall execute a similar agreement; and the proponents of the resolution do not intend anything of the kind. The pretense of the resolution is that we forgive our debtors and they forgive Germany her debts to them. This is mere pretense, for France does nothing of

the sort. Either let the resolution honestly state the facts, and all of them, or insist upon the original proposal of the President to which you assented so readily.

Now, a word to you about the debts.

There has been a great to-do and a great hullabaloo about what these debts mean, and as to just exactly what may transpire if we insist upon those debts. There has been, as has been stated upon this floor by more than one Senator, a propaganda abroad in this land for the last couple of years in the endeavor to make us scale down and forgive the debts that are owing us by foreign nations. Let us see, by reducing it to ordinary terms, what these debts mean.

They are not a great burden to the countries that owe us. There is not any reason why they can not be paid. If you reduce to every common terms just exactly what they mean, you will have, perhaps, a better understanding of what these debts are.

I read to you from an article by Prof. William W. Cumberland, of New York City, on interallied debts. He said:

In the last year these countries paid, principal and interest, some \$215,000,000 to the United States Treasury on war-debt account. This is a large sum, but it amounted to but one-half of 1 per cent of the estimated national incomes of the countries which made the payments. When put in those terms I am sure it does not seem so formidable.

Furthermore, when we correlate the payments which are being made to various other factors in the economic and financial structure we find again that exaggeration, even gross exaggeration, has been customary. In the case of the countries concerned, for example, we find that these payments amount to 2.7 per cent of their annual budgets. They spend more than that for almost any other purpose that seems agreeable. For instance, take armaments alone. We find that they spend eight times as much for armaments, certainly an expenditure within their own volition. They can decide to spend eight times as much for armaments, not including pensions, as they pay us on war-debt account. Then, on the basis of foreign trade the payments amount to 1.1 per cent; that is, of the total volume of the foreign trade of the respective countries.

You can see, when you consider these percentages, how all the arguments that are made about how the trade of this country would go to pieces, and the like, if we do not grant this moratorium, are just so much moonshine.

The article proceeds:

So when we hear that we are impoverishing the countries concerned, let us remember that we are taking one-half of 1 per cent of their annual income; when we hear that we are crushing them under a load of taxation, let us remember that it is 2.7 per cent of their budgets; when we hear that trade is being thrown into demoralization, let us remember that it is 1.1 per cent of the trade of the countries in question.

Let us reduce the matter to a per capita basis. Each Englishman pays to the United States, or, better still, transfers the equivalent of \$3.60 per year on debt account; each Frenchman transfers 80 cents; each Italian transfers 12 cents; not per day, nor per week, nor per month, but per year.

When reduced to that basis I am sure that the war debts are not the frightful ogre that has sometimes been portrayed.

We have heard that the United States is enriching itself at the expense of its debtors. Each of us here receives on an average one-half cent a day on war-debt account. To put the illustration in somewhat different form, we can phrase it this way: Each German is called upon at present under the terms of the Young plan to sacrifice himself to the extent of 1 beer per day in order to meet his reparation payments. Each Britisher has to deprive himself of going to the movies once a month; each Frenchman has to give up once a year a bottle of moderately good wine; each Italian has to refuse to smoke one cigar a year, so that his debt can be paid.

A homely way of putting this situation, but illustrating something of these debts and how they are not the awful burdens that Europe would have us believe.

At this point, Mr. President, I desire to insert in the RECORD the amount due under the debts and as well the amount paid by each of the countries in question for armaments. This shows, in totals, \$1,800,000,000, in round figures, paid for armaments; \$243,000,000 due for debt—about 8 to 1; and then assert that we are treating harshly any other country on earth!

I ask permission to insert that table at this point in my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

Country	For armaments	For debt to United States
Belgium.....	\$23,247,347	\$7,950,000
Czechoslovakia.....	41,056,000	3,000,000
France.....	547,133,935	50,000,000
Great Britain.....	608,024,880	159,520,000
Italy.....	322,337,000	14,705,000
Poland.....	122,995,000	7,486,000
Rumania.....	67,061,000	800,000
Yugoslavia.....	47,491,000	250,000
Total.....	1,779,346,162	243,712,000

Mr. JOHNSON. There is a very distinguished gentleman who is writing at the present time, and writing with a felicity of expression which I wish I could emulate; and with an eloquence, too, that I believe but very few writers possess. That is Mr. Claude G. Bowers, whom we have read, of course, in his works of historical character and which are most delightful and entertaining. He had an article recently entitled "Lady Bountiful in Run-down Heels," and a part of that I want to read to you:

The London News Chronicle, commenting on the revelations on American conditions in the President's message, concludes that "the United States is a very sick country," and the London Morning Telegraph says: "President Hoover unfolded a melancholy story, showing that the Federal Treasury is in a far worse position than the British exchequer."

Now, let me call this to your attention: When gentlemen talk to me of what is transpiring abroad, let me say to them, Where is the biggest deficit to-day in the world? It is in the United States Treasury. Whenever any other country prates about its deficit and the necessity for balancing its budget, let me say that here at home is the biggest task in the world now for the balancing of a budget and for the removal of a treasury deficit.

Let me point to what is being done to-day. Oh, there is little thought of those upon whom the burden is to be placed. Says the President in a recent message, there is a deficit of something over \$900,000,000; I think I quote him exactly, I intend to do so at least. He says, "There is a deficit of over \$900,000,000 to be met this year." How is that to be met? It is to be met by the most drastic peace-time taxes ever exacted of our people in times of peace. Do Senators realize that? There is a deficit of nine hundred and some odd millions of dollars. Two hundred and fifty million dollars is the amount we are asked to give away to those who owe us. Practically 25 per cent of the deficit which must be raised and met in this country arises from the fact that you to-day are voting to England, to France, and to Italy \$250,000,000. Do you realize that?

Talk of budgets in England, talk of budgetary requirements in France. Here is the Budget which ought to concern the Congress, with a deficit of possibly \$3,000,000,000 to face the American people in the future. Talk of taxes abroad, and of the necessity for helping Europe. Here is where the taxes must be levied upon men who are already broke financially, men who are holding on to a little equity, hoping that they may pursue their lives again, and may again pick up the thread which seems broken with them. Here is the deficit, and with that deficit facing you, you are giving away \$250,000,000 which belongs to your taxpayers, giving it away upon a moratorium which has never been adequately described to you, and the facts concerning which were not written into the message of the President of the United States which came here on the 10th day of December last.

So, giving away \$250,000,000, you give it away, and then you make your people here in America pay for it. Do you not remember what came out of the war? No spoil was ours. The proudest thing America ever did was to do its duty in a great World War and ask neither reparations nor spoils. Who has the spoil of that war, spoil of the value which the imagination can hardly conceive? Who has the spoil of that war? Great Britain, France, Italy, and some other nations, perhaps, but those three in reality. They have all the spoil of the war. Every bit of it is theirs.

Who had the reparations? Not ourselves or our country at all. Our country refused both the spoil of war and reparations of any kind. These debtors of ours are the ones who, clinging to their spoil, are seeking to-day to put the very cost of all the war upon the American people, and you to-day are going to assist them to put the cost of all that war upon the American people.

They have that spoil yet. Talk to me of peace in Europe, talk to me of a stable political economy there. There is only one way in which you can accomplish that. You wrote, with your bankrupt statesmanship, the treaty of Versailles, which has within it the germs of future war, which none can foresee, but all can feel at present.

You wrote, with your bankrupt statesmanship, at Paris during that time the instrument which has led to the difficulties which exist now all over the world. You want peace, you who cry about it on every occasion. You want stability of government, and you want economic stability. You can have those things in just one way: Rewrite the treaty of Versailles, take all the spoil that was taken under that treaty, take it back, and distribute it justly and legitimately. That is the only way by which peace will come and by which stability of governments will come.

Yet it would not be possible to get those who are interested most, those who prate most of peace, those who talk loudest of economic stability abroad to sit down and rewrite the treaty of Versailles, and right the wrongs which were written into that particular instrument.

The amendment which has been offered here by the junior Senator from Nebraska [Mr. HOWELL] is the only fashion in which you can ever bring stability economically, or permanent peace.

I return to the article of Mr. Bowers, to which I have referred:

To Americans who have been fed by the administration on Pollyanna reassurances this will be startling. We are constantly hearing from administration quarters that the United States is most fortunate in not being in such a bad condition as the countries of Europe. We have pointed out the insincerity of this statement many times. It is sheer nonsense, it is pure fabrication to imply that France is in as bad a condition as the United States. In comparison, France is rolling in prosperity, without our deficit, without our necessity enormously to increase taxes, and with but 300,000 jobless men to our 6,500,000.

In England, as the London paper says, the exchequer is not confronted, even proportionately, with anything like the deficit that confronts us now; and proportionately she has no more unemployed than we have.

We are now forced to submit to a most drastic increase in taxation, which is not likely to hasten the return of normal conditions.

Under these circumstances, what is to be said of a Government that will agree to transfer the debts of England, France, and the other debtor nations from the shoulders of their taxpayers to the backs of our own?

Lady Bountiful in Rags is up against the bread-and-butter proposition now.

UNABLE TO MAKE BOTH ENDS MEET

The press comments in Berlin reveal the fact that Germany has had no idea of the seriousness of the crisis here. "Germania" finds evidence in the President's confession of "a worse depression in the United States than had been generally apparent." To the nations prone to look upon us as the world's Santa Claus, it must be disturbing to learn that we ourselves are unable at present to make both ends meet.

It is going to take some time to balance our own Budget; and it will be longer before we again smugly and sternly call on Europe to balance hers. Certainly we are in no condition to play the benefactor of mankind by taking over the debts of other nations and paying them out of the pockets of our own people.

There is not a scintilla of doubt that the administration, in its policies and through its conversations with the debtor nations, is moving toward further reductions or, what it amounts to in the end, the transfer of the debts of other nations to the taxpayers of this country. This plan, ready or in the making, is to be imposed upon us because our bankers have made extravagant private loans in Europe which can not be readily liquidated if the people in the nations where the loans were placed are to be taxed to repay what they borrowed from the American Government. The "butcher, the baker, the candlestick maker" are to be taxed to pay the debts of foreign governments, so that the private loan may be paid at good interest to the American banker.

Will you stop for a moment to figure what it means to the American people individually to put upon their backs now \$250,000,000 more? If you take 125,000,000 people as residing in the United States, you can say with accuracy that

\$250,000,000 in additional taxes would mean to every man, woman, and child in the United States \$2. If you take a family of five, it means to every family of five \$10. If you take the taxable people in the United States and add to their burden these additional taxes, it will mean probably \$30 to every one of these taxable people.

That is not much, you say, \$30. It is not much; but I have known men the past nine months who never felt the press before in all their lives, who could not put their hands upon \$30 even to aid them in the effort to rehabilitate themselves.

Oh, it does not mean much, perhaps, to the American people, say you, \$30 for a man to be taxed in order to pay these debts. But for what? So that the short-term credits of international bankers may be paid out of the pockets of American taxpayers.

Figure it in any way you will, it is a wrong which you commit by this moratorium. The moratorium in the beginning was one thing. The moratorium as agreed upon subsequently was an entirely different thing. The moratorium which is quoted by the President of the United States in his message is a vastly different thing from the moratorium to which he agreed with France. The moratorium referred to in the joint resolution is not described with the accuracy and the frankness and the candor with which a moratorium of that sort should be described.

Beyond that, when you pass this moratorium, you permit an invasion of the Constitution of the United States and the prerogative of the Senate of the United States by the executive branch of the Government, and once you permit that invasion, and once you permit the Constitution to be avoided, in this fashion, look out for the breaches which may occur in the days to come.

Mr. President, I am through. What little I have been able to say, sir, on this subject I have said. I am glad to stand alone here, if it is necessary to stand alone. Thank God, I have learned in my life to have the guts to stand alone when it is necessary to stand alone. I do not care how much power there may be in the administration. It is a matter of indifference to me how these international bankers may view an action of mine of any kind or of any character. I disdain these political puppets who poll-parrot the Pecksniffian phrases of these international bankers. Sir, I am ready to stand before the American people upon a proposition such as that advanced here to-day.

Here is the parting of the ways, sir, in a matter of grave concern to the American Government; grave concern not alone in the legislation that is being enacted, but grave concern in relation to the cherished institutions of this Nation and the perpetuity in its pristine purity of our Constitution.

I recall, sir, a story told me long ago that subsequently I found was historically accurate. It was a story of the later part of the Civil War, the story of a general who had just come out of the West, of a little stocky, silent man whom few knew and fewer still understood. He, following his predecessors, had taken the old Grand Army of the Republic across the Rapidan to battle that great commander of the Confederacy, Robert E. Lee, great man and great commander both. He, like his predecessors, had marched down into the wilderness there. Some days of battle ensued without result and without victory upon his part; only defeat. The Grand Army of the Republic turned from that contest, turned to go back, as it had done in all the previous contests, to cross the Rapidan to safety.

Stern, white lipped, those grim old warriors turned in retreat just as they had turned on every other occasion, marching back along the road to the crossroads on their route. At the crossroads one road led across the Rapidan to safety. The other one led back to the bloody fray, led on to that which was the goal of every Union general. When the vanguard of the army reached those crossroads, when the first of the men reach there, they knew they were going to learn for the first time the kind of commander that had come to them and to ascertain whether he was to be exactly as those who had preceded him, and whether they were to continue the well-worn path of re-

treat. Grim old warriors were they of many battles. When they reached that crossroad came the command, "Turn to the right! March on toward Richmond!" And there began at the head of that column a song, a song of thanksgiving and of victory. It swept back 20 long miles among those men of blue, swept back among that whole army, until it sent them upon the harder way, to travel the path to glory and to death, but the path that led finally to ultimate victory and to Appomattox.

To-day we are standing at the crossroads of the destiny of the United States of America. There is an easy way—retreat across the Rapidan to safety, where those afraid may counsel us, and foreign nations may approve. There is another way, just the American way. It is a hard way. Temporary setbacks will be ours and temporary difficulties will be met; but beyond it is the goal where the sun is shining, shining upon America and Americans. Let us take the American road.

Mr. GORE. Mr. President, the Senator from California has inquired with more or less feeling what the American people are getting out of this moratorium. When they pay \$250,000,000 on account of the moratorium the Senator seems to have some curiosity to know what the American people are getting out of it. I would say to the Senator that they have the consolation of knowing that the world is safe for democracy. It sounds pretty harsh, but I assume it is worth the price.

Mr. JOHNSON. Mr. President, I think what the Senator means is that when the Republican Party does this thing the country is safe for democracy. [Laughter.]

Mr. GORE. I accept the suggestion.

Mr. DILL. Mr. President, I should like to offer an amendment to the pending joint resolution and to have it read, printed, and lie on the table.

The amendment was ordered to be printed and to lie upon the table, and was read, as follows:

In section 5, page 3, line 12, after the word "reduced," insert the words "or postponed," so as to make the section read:

"Sec. 5. It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced or postponed; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be given at any time to a change in the policy hereby declared."

Mr. NYE. Mr. President, after having listened to the courageous and most eloquent address by the Senator from California [Mr. JOHNSON], I hesitate to inject any thought that might be mine with relation to the joint resolution pending before the Senate, because I too well realize what the comparison will afford between the address of the Senator from California and my own poor efforts.

The Senator from California has impressed upon the Senate, or those who have listened to him, at least the thought that America has fast been drifting away from a policy dictated by the interest of the American people and into a course which has found the Government led for the most part by selfishness and greed, dictated by a mere handful of men who have been bent upon congregating into their own hands and into their own control the wealth not alone of the Nation but of the world. With that wealth has come to them a power the like of which no individual and no group of individuals in all the world's history has ever known before.

Right now, with the Nation and its people suffering a headache, the like of which its people have never before known, it would seem that we should bend our energies in the direction of alleviating the distress and suffering which exists on every hand. But we shut our eyes at least momentarily to the need of the millions of Americans and we let a little handful of men, who have made investments abroad and who are finding the going in the matter of collections rather rough, lead our Government into a road that will let the American people shoulder a little more burden, to the end that selfishness and greed, the international bankers, may have first access to whatever ability Europe might have to pay at this particular time.

I have no doubt that there is distress in Europe, in every nation of the world; but I think the Senator from California clearly pictured in his closing remarks that the other nations of the world are perhaps in no different predicament or no sorer plight than is the United States. That headache of which I have spoken is world-wide. If America could do so, America would like to help Europe. If it were possible for me to lend myself to any program which would afford a lasting degree of relief for Europe, I certainly would not hold back in assistance that I might afford to that end. But in doing it I would make sure that we were doing for Europe only what we were perfectly willing and ready to do for our own people here at home.

While Europe is in distress, is unable, seemingly, to make its efforts win those returns that will enable it to keep up with the terrific interest payments expected of it, we have the same identical situation here at home. With our farm people, one-third of the population of the country, striving energetically to make their efforts win that kind of return that will enable them to pay their taxes and to pay interest upon their obligations, we find that instead of enjoying success by reason of that effort their names are in the newspapers of the land week after week and day after day in items revealing foreclosure proceedings upon properties and upon homesteads to the possession of which they have devoted lives of toil. Yet, apparently, their interests are not our interests here to-day. Our interests seemingly are those, first of all, of making sure that those who have engaged in this selfish, greedy program of so many years are not going to lose their chance to collect continued interest and payments upon the obligations due them from Europe.

We are offering to Europe at this time a postponement of payments due during the year of approximately \$250,000,000. As money goes, as amounts go these days, \$250,000,000 perhaps is not so much; but when we stop to consider that that amount must be added to the burden which is now depressing the United States I think we have a right to challenge those who insist that we can better bear this burden than can Europe or than can the New York bankers who have made their advances in Europe.

The New York bankers went into Europe with their eyes wide open and made loans to the European countries which had borrowed excessively from our own Government. They knew fully well that they were perhaps enjoying only half an opportunity to collect a return upon what they had advanced. When they made the advances in Europe they must have known that if there was to be any defaulting on the part of Europe, in all fairness that defaulting ought to be made to fall upon all creditors alike; and if there were to be any moratorium, if there were to be any cancellation, if there were to be any forgetting of indebtedness, they ought to be willing to forget and they ought to be willing to postpone in the same degree that the American Government or the American people were ready to forgive or were ready to postpone what was owing them.

But, instead, to-day we find those international bankers feeling that they have a right to expect of the people and of the Government of the United States that they will postpone, that they will cancel what is owing the Government, in order that the international bankers may have easier access to whatever means Europe might have at its disposal at this time to meet its obligations.

I think, Mr. President, that sooner or later we are all going to be ready to agree that we are in an impossible state in this world and that we are never going to dig our way out of the tremendous burdens created by the debts that are occasioning such vast outlays in interest payments every year. I am sorry to have to admit it myself, but I can not for the life of me see how thousands upon thousands of farmers of my acquaintance are going to be able, under the existing order, to meet the obligations which are theirs, try as hard as they may. I do not believe that Europe is going to be able to satisfy fully the entire amount Europe is owing. So the sooner we come down in this world to a program of refinancing the sooner we are going to find ourselves again on the path that leads to something more than distress and suffering.

However, I do not suppose this is any time to be advancing any theories or programs of refinancing in the world or even in our own country. We are having to deal with what is before us. We have before us now a joint resolution proposing a postponement of payments due the United States by the various nations of Europe. If, however, we are to ignore any opportunities that might be afforded to refinance, let us, at least, in a time like this refrain from burdening the American people with any greater indebtedness than that which is already theirs. But we seem to be expected at this time to lose absolutely no time in passing this moratorium. If we do it, it will enable the international bankers to have dropped into their stocking on the morning of Christmas day a gift the like of which many Americans would be delighted to share proportionately. Give them that, and I venture to guess, Mr. President, that they will make further advances to Europe at fancy rates of interest, expecting that if ever they are in distress, if ever they are in trouble and have difficulty in collecting what is owing them, they may always depend on their dear Uncle Sam to come to the rescue; that Uncle Sam will forget anything that is coming to him to the end that the banker may have his full and complete share.

Mr. Kahn, testifying yesterday before the Senate Finance Committee, indicated that he at least would like to see private bankers get an "even break"—an "even break"—in any consideration of a debt-cancellation program. That is the first indication, Mr. President, that that crowd have even anticipated that they might participate in a program of cancellation, taking their losses along with the losses that the Government must take in a program of that kind; and I doubt now that they seriously anticipate that they will have to indulge in that sort of a loss. At least they are not offering any moratorium now. Rather they are hopeful that, before we are through, we shall have succeeded in providing for Europe a complete cancellation of all of the debts owing the United States Government. That will leave the bankers in a much better position to win back the advances they have made abroad.

The Senator from California [Mr. JOHNSON] yesterday pointed out with great energy the needs of the American farmer to-day. If, Mr. President, every Member of this body or every Member of this Congress could have close, first-hand knowledge of the situation existing in that basic American industry, I do not believe there would be any hesitancy in turning our attention, not so much to the needs of Europe, as to the needs of this class of our own people. Their distress is occasioned quite largely by the very same causes that are occasioning the distress abroad and leading to this proposal of a moratorium.

During the World War the Government of the United States said to the American farmers, "You are a most integral part in any machinery looking to the accomplishment of quick victory; the American farmer is looked to to produce that all-essential thing, the food needed to prosecute the war." The Government urged the farmers to go forth, exert their fullest energies in producing more food and more food and more food. That they did. They borrowed money; they borrowed easily on the credit then available, in order that they might buy better machinery, in order that they might buy more land, in order that they might engage that talent needed to take the place of the boys who had been drafted into the service and had gone across to do their part in winning that great conflict. The farmers went heavily into debt.

Then, with the end of the war, came the feeling on the part of the American farmer, "Well, now, we have got to watch our step, because at the end of the war there will come an end to the demand for this tremendous production which has been under way during these war years"; but when the farmer sought to caution himself thus his Government said to him, "No, you need not be watching that at all; there is no cause for alarm on your part in that respect, because for years and years and years to come American farmers are going to have to feed the war-torn nations of Europe." So the American farmer went on and on and

on, producing, producing, producing those commodities which he had been taught to believe the world needed. His debts did not worry him so much, because he felt that he was doing a duty and that his Government would stand by him when judgment day, the day of reckoning, came.

Europe borrowed money to prosecute the war just as the American farmer borrowed money for the purpose of prosecuting the war. However, when the war was over, some years later, as I think, the Congress of the United States all but cancelled the entire amount of money that had been loaned to foreign governments during the World War. By our programs of refunding, Mr. President, we all but abandoned any recollection or any care concerning the enormous advances we had made to Europe during the period of the war. We are to-day, so far as their indebtedness is concerned, practically holding them alone for the advances made to them after the World War was over. They are finding it difficult to meet that debt or the payments due under it.

Likewise, Mr. President, the American farmer is finding it difficult to meet his obligations. The depression which has fallen upon the land, which struck first of all the American farmer, has left him in a position the like of which American agriculture had never before occupied. If you could visit some of these farm homes, homes of men and women who have spent lifetimes upon their lands, developing their farms, and producing crops—if you could visit them in times like these, particularly where an especially serious drouth has hit them for one or two years in succession, you would better understand what men mean when they ask: "Are we approaching that day when the American farmer is to become nothing more than the slave, the tenant of a class that has been concentrating power and wealth into its hands in such a degree as we have witnessed during the last 10 or 20 years? Is slavery, is tenancy a thing that is coming to stay?" I hope it is not; but, Mr. President, men who 10 years ago, 12 and 15 years ago, owed not one penny upon their farm properties to-day are losing those properties; to-day they are losing their homes. Why? Because, Mr. President, of obligations taken upon themselves during the war and immediately following the war in keeping with the wishes of the Government of the United States itself.

Much of the borrowings of the American farmer were made through the Federal land-bank system. Millions upon millions of dollars were thus made available to the farmers, and the payment of those debts was to be made, of course, upon the installment basis. The farmers carried on bravely; they did well through a number of years; they did well so long as there was a price for their products that would meet the cost of production and afford a little in the way of profit above that; but when prices went way below that mark, then the farmer was helpless to meet his tax and interest obligations. That farmer to-day, if he were to be given the help that the Government owes him, would be excused from having to meet those obligations for 1, 2, or 3 years, as we are excusing by this moratorium our foreign debtors from meeting their obligations. However, Mr. President, I am satisfied that if an effort were made in the Congress to make available to the farmer the same identical degree of help that we are affording through this moratorium to certain European nations, it would not even muster a good-sized minority, to say nothing of such an overwhelming majority as will, from all evidences, be accorded for the pending proposal which is to be ratified, not for Americans but for others, for foreign peoples to whom we owe no such direct and lasting debt as we do to our own people.

Mr. President, in order that the RECORD may be made very clear in this connection, I am going to try to ascertain whether this Congress is as anxious to do for its own American people as it is anxious to do for Europe and for our international bankers who have loaned such vast amounts of money to foreign nations as have been loaned. I send to the desk and ask to have read an amendment which I intend to propose to the joint resolution now pending.

The PRESIDING OFFICER (Mr. Fess in the chair). The proposed amendment will be read.

The legislative clerk read as follows:

On page 3, after line 15, insert the following:

"SEC. 6. *Be it further resolved*, That the Federal land bank be, and is hereby, authorized and ordered to enter into an agreement with such borrowers from the said bank as desire such an opportunity to postpone the payment of any amount payable during the fiscal year beginning July 1, 1931, by such borrower to the said bank. Each such agreement shall provide for the payment of the postponed amounts, with interest and installments to be arranged on the same basis as are the interest and installment arrangements afforded in the agreements with those countries named in section 1 of this resolution. Where a postponement of payments by borrowers shall make it impossible for the land bank to meet its obligations to bondholders, the Treasury of the United States shall advance to the land bank such funds as may be required, not exceeding the total amount of payments postponed."

Mr. REED. Mr. President, does the Senator offer that amendment now?

Mr. NYE. I shall call it up later; I am not moving its adoption at this time.

Mr. President, I wish there could be an awakening in America to the trend that has been developing in this land during recent years. I think if that trend were more generally recognized there would be a rebellion in America the like of which a civilized people seldom have seen. It would not necessarily need to be a rebellion calling for bloodshed, calling for the sacrifice of life, but a political rebellion that would find the American people standing up and saying: "Enough of this; it is time that our policies in America were dictated by the interest and needs of the American people rather than by the interest and the needs alone of a band of international bankers, who during recent years have had pretty nearly anything and everything they have wanted and have requested from the Government of the United States."

We have just come through a period in American life that has been labeled the greatest period of prosperity a civilized people have ever known. We have all been fooling ourselves into the belief that the period during and following the war was truly a prosperous period for the American people. I deny, Mr. President, that there was any honest degree of prosperity enjoyed during that period. There was prosperity, untold prosperity, enjoyed by the few who were engaging in a program looking to further concentration of wealth here in America and throughout the world. Now, overnight, we find ourselves in the depths, though for 10 or 12 years we were boasting daily of our wonderful, unheard-of prosperity.

It occasions such stories as that one I recently heard, of the man who sat at his radio night after night, off on another world, on Mars, listening to stray waves from the world; and daily he heard the same story—the story of that great prosperity which was being enjoyed in America. Then, one evening more recently, he sat at the same radio set and heard speaker after speaker declaiming on the terrible depression that had hit this same America. He made up his mind he would like to know what in the world could be the nature of a people who could on one day occupy such heights as were boasted here in America, and on another day find itself at a depth economically such as it had never known before.

It is no part of the story, seemingly, how that man got here from Mars; but he made up his mind that he wanted to come and view with his own eyes this situation, and he came. He arrived in New York, where he encountered one of these international bankers.

He said to the banker, "I understand you have a depression down here. Is there anything to that?" The banker ruefully said, "Yes; quite a good deal of it—much of it."

"What is the matter?" said the man from Mars. "Are you short on food or something of the kind?" The man in New York said, "No, no. We are not short on food. We have too much food. That is one of our problems here in America."

"Well," said the man from Mars, "too much food; that must mean, then, that you have not enough help. You have not enough labor." Thereupon the banker confessed that we had a great army of unemployed in this country;

that we had plenty of labor and no work for that labor to perform.

The man from Mars, rather perplexed, said, "Well, then, I can see it is a case of your being without any work to do. Your work is all done. There is nothing more to do"; and, naturally, the banker confessed that we had not yet even started in on the job of world construction; that there was plenty to do.

Then a thought hit the man from Mars, and he was surprised that it had not dawned on him sooner. "Why," he said, "I see now what is wrong. I see what is the matter with you down here. You have not enough money. You are short of money." Then the man from New York said, "Money? The world has more money to-day than it has ever had before."

The man from Mars responded, "Plenty of food, plenty of men to work, plenty of work to be done, more money than you have ever had before, and yet hard times and depression the like of which you have never had before! Well," he said, "you will have to excuse me, but I am going back to where I came from. I am accustomed to living among sane people, and I can not stand any more of this!"

That is the story. There is one thing about the story that is different from the usual run of stories: There is not a statement in it that does not concern itself alone with fact. Plenty of food, plenty of labor, plenty of work to be done, plenty of money, and yet hard times! And all this is a reward following that "greatest era of prosperity a nation of people has ever known," so we were told, and are still told to-day.

Mr. President, it was an era of prosperity for some few, but it was an era of anything but prosperity for millions upon millions of American people, because while the few were going forward during that period multiplying their incomes, multiplying their wealth by untold figures, the many were suffering reductions in salaries, reductions in wages and incomes to a point which, when we stop to weigh it to-day, to say the least, staggers us.

Mr. President, here we are to-day with 4 per cent of the people of America in possession of approximately 75 per cent of the wealth of America. We have observed, in the last 8 or 10 years, a drop from approximately twelve or fifteen billion dollars of farm income to a farm income of something over four billions of dollars for the last year. Sixty per cent of the corporation profits of America—and they have been the institutions enjoying the terrific profits—are collected by something like 2,000 individual American citizens. To the end that we may better see what strides have been taken in the direction of concentration, permit me to point out that in 1920, the beginning of that great "era of prosperity," there were not a great many individuals in America with incomes of a million dollars or more per year. In fact the total income of all Americans with incomes of that size was only \$77,000,000. Then, after eight or nine years of the greatest prosperity, in 1929 the income-tax figures revealed that the total income of those enjoying incomes of a million dollars or more per year is no longer only \$77,000,000, as it was nine years previously, but has grown to a figure of \$1,200,000,000.

During the same period, Mr. President, in 1920, Americans with incomes of \$5,000 a year or less, according to the income-tax returns, were enjoying a total income of \$15,000,000,000. Then in 1929, after nine years of prosperity, we find that income no longer \$15,000,000,000 but cut to \$8,000,000,000; and it has been cut to even a lower figure since that time.

One Member of this body has presented some very interesting figures revealing that in 1929, 504 Americans had an income that was greater than all of the money paid for all of the cotton and all of the wheat produced by between two and three million farmers in America in the year 1930—504 individuals enjoying an income that was greater than that returned to the farmers for all the cotton and wheat produced in this country in a year!

Mr. President, is not that food for thought? Is it not food for thought when you find 504 individual Americans enjoying an income that is sufficient to have enabled them to

pay, if they had wanted to pay, the salaries and wages of all of the men and all of the women employed in the railway train service of all the railroads in America for a single year, and still have had a balance left which, had it been equally divided among the 504, would have given them the substantial sum of \$800,000 a year apiece to have tried to maintain themselves and their families upon?

From 1922 to 1928, Mr. President, the wealth of this Nation of ours increased by something like 12½ per cent. During the same period the wealth of 200 of America's leading corporations increased by 45 per cent. Into the hands of the few, into the coffers of the few, there has been drawn and is being drawn the wealth of this land on a scale the like of which neither America nor any other nation of people has ever known before. Unless we check that trend, unless we find a way to redistribute wealth, unless we halt this program which ultimately invites destruction for this great democracy, Mr. President, we might better forget the needs of other nations, knowing fully well the distress that is remaining for America to face.

Yet, instead of meeting this problem—instead of meeting this problem occasioned by selfishness and greed, bent upon that concentration of wealth—we go forward as we are going forward here now, offering to those very individuals opportunity further to enhance their own wealth, further to aggregate the wealth of the land, at the cost and at the expense of the American people!

Mr. President, we have with us to-day this thing we call depression alone because we have ignored for so many years the very first laws of a democracy, the very first principles laid down by those fathers who were building for a happy, contented race of people. We have but ourselves to blame for it. We have followed courses, during more recent years especially, that have been courses calculated "not to rock the boat." "Do not disturb the present order. Things are going to come back all right if you just sit quiet and let them take their own course."

Mr. President, what we have to-day is the very situation that it was prophesied 75 years ago would be the lot of America if they did not reach out and destroy that power which was aiming to accomplish this aggregation of wealth in the hands of the few.

Lincoln in 1864, in writing to William P. Elton, said this:

I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. * * * As a result [of the war] corporations have been enthroned, and an era of corruption in high places will follow, and the money power of the country—

"The money power of the country!"—

will endeavor to prolong its reign by working upon the prejudices of the people until all the wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless!

Mr. President, unless the joint resolution be amended I shall vote against this moratorium plan, first because I believe Americans are needing aid as greatly as Europeans are needing the kind of aid proposed in this joint resolution. I shall vote against it, because, too, I have not yet found the international bankers, who stand to profit by this moratorium arrangement, ready to suffer losses on a par with those taken by the American people through any debt-cancellation program.

I shall press later on for that consideration I hope for upon the amendment proposing that the American farmer who has borrowed money from the Federal land-bank system shall have access to the same kind of graciousness at the hands of his Government that we are extending to the nations of Europe and the international bankers.

Mr. McKELLAR. Mr. President, in further considering the moratorium, I think it would probably be wise to have a word or two to say about the history of the transaction.

America has been unusually generous to our allies. First we loaned them more than \$12,000,000,000—a little more than \$9,000,000,000 before the armistice was signed and more than \$3,000,000,000 since. In addition to that, we sent

2,000,000 men across the Atlantic Ocean to fight for the cause which was represented by the Allies. In addition to that, we raised some \$15,000,000,000, and put that tax burden upon the American people, for the purpose of carrying on the war. We raised that in cash. We raised over \$25,000,000,000 in bonds for the purpose of carrying on that war. When the war began, we owed less than a billion dollars. The highest point our debts reached after the war was \$26,500,000,000, in round figures. So \$25,500,000,000 represents our increase in our bonded debt resulting from the war.

In addition to expending all that money, and putting those enormous tax burdens upon the American people at that time for the purpose of helping win the war for our allies, what else did we do? In lending our allies the money, we took their notes at 5 per cent interest, and they were to pay the money back to us. That was perhaps the cheapest money nations in war ever borrowed in all the history of time.

Those nations were paying the same international bankers who have been mentioned here to-day interest rates largely in excess of 5 per cent, and those allied nations were delighted to get from the American Government the money at 5 per cent interest when we entered the war.

When the war was over our generosity did not end. We furnished \$100,000,000 for those suffering in Europe and put it in Mr. Hoover's hands for distribution. We loaned our allies, as I stated before, some \$3,000,000,000 after the armistice was signed for the purpose of rehabilitating their countries. We sold them supplies at a mere tithe of what those supplies were worth; and, by the way, we have never really received more than nominal sums for these \$2,000,000 worth of supplies.

Then came propaganda for a reduction and an adjustment of those debts, and the American Government appointed a debt-funding commission. Mr. Hoover was a member of that commission. As I pointed out last week, that debt commission virtually canceled every war debt and merely held our allies for the money loaned them after the war or for money borrowed for commercial purposes. That was very generous conduct. We have been exceedingly generous to our allies.

How do they repay us? I realize that some are in such a position that they may not vote just as they would like after the arguments are made; but I want to call the attention of Senators to what our allies think about us after all this generosity upon the part of America. I read, first, from the New York Times of December 17 of this year:

FRENCH GIBE AT WASHINGTON CONCERNING DEBT SITUATION

PARIS, December 16.—Many morals for future conduct are being drawn in Paris out of the situation in Washington over reparations and debts.

Pertinax, in the *Echo de Paris*, says: "Never trust White House action. It is sure to be overthrown by the Senate."

Another moral is similar: "Never trust the American Senate or House of Representatives. They are quite capable of signing a debt-settlement agreement and then asking for more."

I stop here long enough to say, Senators, that these are the people for whom we are taking \$253,000,000 in money out of the Federal Treasury, giving it to them as a dole, as a gift, without rhyme or reason, as I believe I can show.

I continue reading from the article:

Another is: "Don't put your trust in any American plan. Remember the league covenant, the treaty of Versailles, the Dawes plan, and the Young plan, and now the Hoover plan. Just as soon as they were signed America started killing them."

With a deficit in our Treasury of \$1,700,000,000, with 6,000,000 of our people out of employment, here is the American Senate voting out of that empty Treasury \$253,000,000 for people in France who talk like that! It ought to make every American Senator's heart swell with pride when he contemplates that that is the kind of people for whom he is voting such munificent generosity to-day!

That is not all, however. I call attention to our London friends, and I read from the Washington Evening Star an article by Mr. A. C. Gardiner quoting from a London authority. This is London speaking:

There is, of course, a third alternative—simple default and repudiation. Since the debates in Congress, I have heard this solution discussed in the most responsible quarters here as an inevitable consequence of the present mood of Congress.

"The present mood of Congress." Here we are, with starving millions of our own people in our own country, and we voting a quarter of a billion dollars, not out of the Treasury but from money which ought to be in the Treasury today; and this is the way our London friends talk about us. I read further:

The Financial News, in an article entitled "Must Europe Default?" says opinion in Congress is wholly divorced from the facts; that the suspension of war debts must go hand in hand with the suspension of reparations, and that Europe should speak with one voice and the national government here should announce boldly and unequivocally a policy the essence of which is "No reparations, no war debts."

This is the return we get, Senators, for the splendid generosity we have been showering for the last 13 years upon these people, showering upon them money to carry on their wars, money to rehabilitate their countries, money to rehabilitate their businesses, forgiving their war debts entirely, and scaling down the other debts; and this is the way they talk about us when we do not give them everything. I quote further:

The Spectator, equally emphatic, says that if Germany ceases to pay reparations it will be impossible for Britain and France to pay their war debts, especially in view of the fact that America refuses to take payment in goods. The debt question must come to a head with the reparations question. The obverse of the doctrine stated in the Balfour note is that if reparations fail, debt payments fail simultaneously. This represents practically unanimous comment in the British press on the debates in Congress.

Mr. President, we think we are doing something for these people, that we are being charitable toward them. I read from this morning's Washington Post as to France and France's attitude:

French officials frankly expect the International Reparations Conference will grant Germany an extension of the 1-year debt suspension.

In this event, France is considered likely to invoke article 2 of the Mellon-Berenger debt agreement, under which the French war debt to the United States was adjusted.

Article 2 permits France to declare a partial 3-year moratorium on her debt payments to the United States. By giving 90 days' notice France will be able to limit her payments to the United States to \$20,000,000 annually.

Why are we passing this moratorium at all? These people are not going to rely on it. Some say they will repudiate it. Some say that they will depend on some other agreement.

Senators, we do ourselves an injustice when we enter into any moratorium or for a moment think of the cancellation of these debts.

Of course, Germany was not our ally in the World War. She was our opponent. She is in a different position from the other nations. She has the right to think as she pleases, to say what she pleases. But some are claiming that this moratorium is in the interest of Germany. Heaven knows I have nothing against Germany. I have sympathy for her in her distressed condition. But here are some selections taken from the German press as to our Nation. I quote:

War has lasted 16 years. German guilt was a lie. The treaty of Versailles is the great crime of modern history. Reparations are tribute. In 1917 America joined the Allies against Germany because then her money was on that side.

Yet Senators here are more interested in the people of Germany than they are in the people of America. I continue the quotation:

Hoover debt plan in 1931 was to protect two billions of American money in Germany, for now America is bound by what Germany owes her to be Germany's political friend.

I read from an article signed by Garet Garrett, the well-known writer, who writes so frequently and so splendidly for the Saturday Evening Post upon international questions.

I have taken these quotations from the press in France and England and Germany to show how little appreciated has been our splendid generosity through all these years and how little appreciated is our proposed generosity now. They do not appreciate it at all. They started out to have

all the debts canceled. They have the idea. They will take any means of getting those debts canceled.

While I am talking on that subject I want to digress long enough to pay a tribute to the Kingdom of Italy. I have seen no expression from her press to the effect that she was trying to get out of paying her adjusted debts. On the contrary, I see expressions from Italy's leader, Mr. Mussolini, that he was perfectly willing to pay the debt. He ought to be. All honor to him for thinking that way; but he ought to be willing to pay it, because the Debt Funding Commission scaled down Italy's debt, as my friend across the aisle, the senior Senator from Utah [Mr. Smoot], will testify, to a little over half of the commercial debt, after canceling all the war debt.

Mr. SMOOT. More than half.

Mr. McKELLAR. More than half, he says; but I think it is a little less than that.

Mr. President, of course the moratorium proposal has been much improved by the amendment added to the joint resolution in the House. As some Senators may remember, that amendment is substantially like the one I introduced last week in the Senate, namely, that it is the sense of the Congress that the foreign debts shall not be further canceled. I am very happy that the House put in such a provision. It ought to be strengthened somewhat, but whether strengthened or not, it does evince a purpose upon the part of Congress not to cancel those debts, and that is a splendid purpose.

I want to digress long enough to say that while in the amendment which I proposed it was provided that there should be no further moratorium, I am not so much concerned about it as I was before. Why? I have heard my friends on both sides of the aisle discuss that matter since the Congress reassembled, and I just want to venture the prediction that no other President will ever get a majority of either House, regardless of its politics, to vote by Western Union telegram. I think that is an end to polling the Senate and the House by the President. If that end is accomplished, then America will have received some good from the moratorium.

Mr. GORE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. McKELLAR. I yield.

Mr. GORE. The Senator is expressing approval of the amendment added to the joint resolution by the House, declaring that it shall be the policy of the United States to grant no further extensions or moratoriums in the future. I should like to inquire if the Senator does not think it would be a good idea for the Senate to add a proviso reading as follows:

Provided, That this is no joke.

Mr. McKELLAR. If I thought it would add to its strength, I should be glad to vote for it. But, even with these amendments, I doubt the advisability of approving the moratorium, and I do not intend to vote for it. I realize, of course, the President having notified foreign countries that the moratorium would be granted, that for the Congress not to pass the joint resolution now might be considered by some as indicating that the President and the Congress do not act together in the matter. The answer to this is that no one knew better than the President himself that the Congress had to ratify his action before it could be made good. Not only that, but no one knew better than the countries dealing with him that the Congress would have to approve the moratorium before it would become absolute.

It is true that the President polled the Congress and secured a majority for the moratorium. It is true that notwithstanding how Senators in their hearts and in their minds may feel that they should vote on this question they are now precluded from so voting. They have signed the telegram, and it is binding upon them. But, Mr. President, to my mind this is one of the greatest vices in the transaction.

The President has not the power to postpone or to cancel those debts without calling the Congress together and having his proposal ratified. If the President had the power to postpone, he likewise would have the power to cancel entirely. If he had called the Congress together, in my judgment it would not have indorsed this moratorium. But, be that as it may, I can not in the exercise of my duty as a Senator give my consent to vote in favor of a measure which I think ought not to have been put into effect by the President polling the Congress. It is an assumption of executive authority that does not exist under our Constitution.

Mr. President, I think this last statement can be demonstrated. We have an individual income tax which brought in last year, I will say for illustration, \$600,000,000, though I do not know the exact amount, but for the purposes of illustration we will leave it at \$600,000,000. Suppose that the plight of those taxpayers had been peculiarly bad last June; would Mr. Hoover have told them not to pay the taxes, and then waited for six months to call Congress together to ratify his action? If he had done so, it would almost have brought on a revolution in this country. Yet in substance this is exactly what has been done in reference to these foreign debts. The taxpayers of this country have already furnished the money to the foreign governments; and when the President refuses to accept payments that are justly due it is precisely like refusing to accept taxes from any other source.

Again, Mr. President, there has been quite a controversy about the disposition of Muscle Shoals. The President takes the view that Muscle Shoals ought to be disposed of to private concerns. Many Members of Congress take the view that it ought to be retained by the Congress for the benefit of all the people. Suppose on the 20th of last June the President had entered into a contract to transfer Muscle Shoals to private concerns on terms that he considered fair and just, and then had polled the Congress to bolster up the illegal act. What would the people of this country have thought about it? There would have been but one opinion.

In my judgment, the only reason why the people of this country have not had more to say about the debt-postponement transaction is because they were not sufficiently familiar with it. At all events, the action of the President with reference to this matter is, in my judgment, without regard to the laws of the land.

I have no desire to speak disrespectfully of the President of the United States; but I want to say in all seriousness that I regret more than I can say his unfortunate action in reference to the moratorium. Under our Constitution the President is the Chief Executive of the Nation. It is his duty to see that the laws of the land are faithfully complied with. It is his duty to execute the laws of the land. Therefore, it seems to me that the President ought to be more scrupulously careful to observe the laws of the land than any other person in the United States.

If there is anyone in the Chamber who disagrees with that proposition, I ask him now to rise in his place and state his disagreement. Of course, no one rises, because we all know that one of the highest functions of the President of the United States is scrupulously to regard and enforce the laws of the land.

Mr. President, in declaring this moratorium without first receiving the approval of the Congress, the President made a mistake, and I hope he will never make another like it. As I said a while ago, I do not believe he ever will, because he will never again, and no other President will ever in our lifetime, get a majority of the Senators and of the Members of the House to indorse a "cat in the bag" like this moratorium was.

Mr. SHIPSTEAD. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Minnesota?

Mr. McKELLAR. I yield.

Mr. SHIPSTEAD. Does the Senator think a vote cast by mail or by telegraph subject to a motion for reconsideration?

Mr. McKELLAR. I do not know whether it is subject to reconsideration or not; but I want to say to the Senator

from Minnesota that such a vote is unknown to our Constitution and laws. It has never been attempted in the Congress before. If it is a precedent, it establishes a mighty bad precedent; and I hope that no President will ever ask for it again, and that no majority in either House will ever grant it again.

I am constrained to believe that no such mistake will ever be made again. I do not believe the President will ever get a majority of either branch of the Congress hereafter, whatever their politics may be, to give their approval to a measure which has not been first discussed and considered in a constitutional way in each branch of the Congress. If this moratorium has the effect of determining for all time that the President has no authority to poll the Congress, it will be a benefit to our Nation. It would be a tragedy for such a plan of action to become a precedent for the Congress or for the President.

Mr. President, besides this, the whole scheme of the moratorium has been a failure. Germany's largest creditor, of course, is France. As I recall the figures, \$260,000,000 has to be paid by Germany to France each year; and those payments are nonpostponable. On the other hand, Germany has obligated herself to pay France \$160,000,000 more yearly that is postponable at any time Germany is unable to pay and will give notice. It will be remembered by all, as was so splendidly stated by the Senator from California [Mr. JOHNSON] yesterday, that after Mr. Hoover announced the moratorium, France refused to agree to the postponement of the \$260,000,000 of nonpostponable debts; Germany, in whose name this moratorium is given, is in essence and in fact paying that \$260,000,000 of nonpostponable debts to France to-day.

It is true she has a moratorium for one year as to the payments due Italy, Great Britain, and Belgium, and perhaps smaller payments to other countries, and to that extent Germany has a moratorium; but it will be remembered that shortly after the moratorium was declared the whole economic situation in Germany blew up, and President Hindenburg had to issue orders prohibiting the exportation of gold from Germany to save Germany's economic life. In other words, as we all know, the moratorium has been of practically no benefit to Germany.

Mr. President, in substantiation of the statement just made I want to read from the Rescue of Germany, by Mr. Garet Garrett, pages 10 and 11, as follows:

The Hoover debt-holiday plan took effect on June 30, and Germany on that date, with \$400,000,000 less to pay out and \$100,000,000 new credit borrowed at the same time, was \$500,000,000 to the good. Nevertheless, within 10 days Doctor Luther, head of the German Reichsbank, was going about Europe in an airplane to Basel, to Paris, to London, saying Germany must have immediately the loan of \$500,000,000 more. The whole benefit of the Hoover debt-holiday plan had been swallowed up in the flight from the German mark, and Germany's financial plight was much worse than before. The lesser German sacrifice—that is to say, the total bankruptcy of Germany—now was really imminent.

International finance was horrified. Where was the end of this? The Germans rushing their own money out of Germany, and Germany at the same time imploring her creditors to put more in to save her and to save themselves.

I read again from another portion of the same work at page 53:

Take a text from the news as it was printed in the New York Times on Tuesday, June 23, 1931.

That was immediately after the announcement of the moratorium, immediately after the announcement that 68 Senators had agreed to the moratorium. Listen to what the New York Times said:

Led by New York, tremendous buying enthusiasm swept over the security and commodity markets of the world yesterday in response to week-end developments reflecting the favorable reception of President Hoover's proposal for a 1-year moratorium on war debts and reparations. The world-wide advance in prices added billions of dollars to open-market values, with stocks, bonds, grain, cotton, sugar, silver, and lead in heavy demand. Pronounced strength developed in the German bond list, the amounts ranging from two to 13½ points.

Now, listen to this. This is the way this news item closes. I ask Senators to listen to it.

United States Government bonds—

Every other bond went up; every other stock went up; every other commodity went up; but what happened to United States Government bonds when it was known that by this method we were giving away the property of the United States?

United States Government bonds failed to participate in the move, all of them closing behind minus signs.

The last line fell obscurely at the end of a paragraph. And that was all the notice anyone bestowed upon the most significant fact of a delirious day—namely, the fact that everything in the world went up with the single exception of United States Government bonds. And why was that? United States Government bonds were telling why, and telling it loudly to such as would listen. They were telling it in the language of quotations, and this is what they were saying:

Again this business of saving Europe with American credit! Do you ever count up what it has cost you already? It is becoming more and more costly; and, besides, you may not be saving Europe at all. You may be only inflating her. Better may turn out to be worse.

Ah, Mr. President, we had already spent for war purposes more than \$40,000,000,000 of the money of the taxpayers of America; we had increased our yearly expenditures by more than a billion dollars for our soldiers; we had increased our yearly expenditures over \$600,000,000 in order to pay the interest on our bonds; and naturally when it was determined to make a gift to foreign peoples, it was also perfectly natural that our own bonds should go down.

What was the aftermath? Why, after two or three days, as we all remember, the market began to sag, every stock in America began to go down, every bond in America began to go down, every commodity in America began to go down, and they have been going down ever since. There has not been a stock, except temporarily for a moment or two, perhaps for a day, while the gamblers on one side or the other happened to be in control, that has not gone down in price. The general trend of prices has been down every day. Here is what Mr. Garrett says about that on page 57:

We really thought we had done a grand thing; we read every morning in the newspapers that it was a grand thing. The diplomats and the chancelleries of Europe were saying so on typewritten slips or in interviews, and the American correspondents were quoting them to us by cable. But the typewritten words of diplomats and chancelleries are purposefully suave. What people, even the diplomats, were really thinking and saying was very different. The least unpleasant of what the once-allied nations were saying was: "This is the beginning of the end of our hateful war debts to the United States Treasury. Uncle Shylock has been insisting that German reparations have nothing whatever to do with our war debts to America. But now he admits that if we can not collect reparations from Germany neither can we pay our war debts to the United States. That principle is implicit in the debt-holiday plan, since it includes both German reparations and our war debts to the American Treasury in one scheme of relief. Moreover, it is admitted that Germany can not pay reparations unless she can continue to borrow American money to pay them with. So either America must go on lending Germany the money to pay us reparations or cancel our debts to the American Treasury."

Here note that the one fixed point in German foreign policy is to get rid of reparations and that the one unalterable idea in the foreign policy of the former allies—our associates in the war—is to get rid of their debts to the American Treasury.

Mr. Garrett also has this to say about the President's purpose:

The secret of President Hoover's dramatic action in suddenly breaking away from America's settled policy—

I digress there long enough to say that no one has ever been stronger for that policy than has the President—

and interfering in the affairs of Europe with his epoch-making proposal for a moratorium for war debts can now be revealed. The hoarding of gold by the United States of America, consequent upon her policy in regard to war debts, brought about a situation in which Wall Street—that is to say, American credit—was threatened with wholesale collapse. America has lent enormous sums to Germany, now on the brink of bankruptcy, and in his effort to save her and his own country, President Hoover electrified the world with his moratorium plan.

Mr. GORE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. McKELLAR. I yield.

Mr. GORE. The article read by the Senator may be correct when it says that the President "electrified the world."

I should like to add that he electrocuted the American taxpayer.

Mr. McKELLAR. Yes; he has sadly hurt him, anyway.

Mr. President, another purpose of the proposed moratorium was to aid economic conditions in America. That was the one principally asserted in this country. Let us see about it.

It will be remembered that Mr. Hoover stated at the time he announced this moratorium that one of its principal objects was that it would be an aid in restoring a better economic condition in America. Prosperity was just around the corner; a very short time it would be right upon us if we agreed to this moratorium. The measure was so heralded throughout the country by the press. The Hoover papers in the Nation pointed with pride to this great measure, which had restored or would restore prosperity to America. But, Mr. President, it will also be remembered that this "prosperity" lasted only for a day or two.

The stock market went up for a day or two. Farm products went up for a day or two. Then they changed and went down and down and down and down, and to-day both the stock and farm-product markets are about as low as they ever have been in our history.

So far as being a benefit to America is concerned, if we judge by the fall of prices in this country, the moratorium has been a great detriment instead of a benefit. The truth is, Mr. President, the moratorium is just a political nostrum. It has not really aided Germany, and has not aided America at all. We all know that to be so; and if there is any Senator on this floor who has a different opinion about it, I yield to him in order to let him tell us what it has done for our country. [A pause.] No Senator seems to accept the challenge, so I will proceed.

LOSS TO AMERICA

Mr. President, instead of being an aid to America, the moratorium just means that our Government threw away \$253,000,000. This gift immediately gave rise to the view in all the world that the moratorium was but a forerunner of the cancellation of all foreign debts. America has lost tremendously by reason of this prevailing view.

For years the Republican Party and Mr. Hoover have been saying there would be no cancellation of the debts; and yet, if we judge from Mr. Hoover's recommendation for the reestablishment of the Debt Funding Commission, and if we judge from Mr. Mellon's statement, given out the next day, showing how essential it was that Great Britain's debts be reduced, there can be no doubt but that this moratorium was intended to be just the forerunner of the cancellation of the debts.

I think this was a very great mistake. It was a very unhappy mistake. It was a very unwise proceeding all along the line.

AMERICAN MORATORIUMS NEEDED WORSE

Mr. President, there are a number of needs for this \$253,000,000 in America that I think come far ahead of the granting of this enormous dole to our foreign debtors.

There are 6,000,000 people unemployed in this country. I would infinitely prefer to have voted this \$253,000,000 to the unemployed in America rather than to give it to European governments with which to raise big armies and build greater navies.

Mr. President, I would much prefer to have given the \$253,000,000 to people in America, many of whom are hungry, many of whom are in want, many of whom have not warm clothes, rather than to have appropriated this money for our foreign debtors, who have never asked us for it.

It will be recalled that a year ago, when there was want and destitution in a large section of this country, the President vigorously and successfully opposed aid by Congress to our own destitute people on the ground that such a course would constitute a dole and said that any assistance given to them should come from private sources. The Red Cross thereupon undertook the relief of these needy people—our own people—and set as its goal the sum of \$10,000,000. Senators will remember how long a time it took to raise

this sum, and, for a while it looked as though the drive would fail—in part, at least; but after much difficulty and urgent solicitation the sum was raised. Yet here we are proposing to give away on almost the day before Christmas a sum twenty-five times as great; and we propose by our votes to give it away not to our own people but to the people of foreign countries, and not an official of the government of any foreign country has asked us for this gold.

Mr. President, of course, I sympathize with the German people in their distress; but, Mr. President, I know that there are many American people in distress, and I want to say that I sympathize more with American people who are in this condition than I do with those of any other nation.

If it is necessary to give away this \$253,000,000 of the people's money to anybody, it ought to be given to the unemployed people of this country, to the people who are in want in this country, rather than to the people of foreign lands.

In the next place, Mr. President, as much as I am opposed to a dole—and I am opposed to a dole—I would rather give this large sum of money as a dole or a gift to the American people, and especially to the suffering and the needy and the hungry in America, than to give it to the people of foreign nations. Is there any Senator on this floor who takes an opposite view from that expressed in my last statement? If so, I pause long enough to give him time to answer.

We have millions of such people in our country. When I think of our being so charitable as to give \$253,000,000 at one time to the peoples of foreign countries, to no good purpose except that we promised to do it by Western Union telegrams, it seems to me that we ought to let this munificent charity begin at home.

In the next place, Mr. President, our farmers are in greater distress than they ever have been in their history, perhaps. In many cases mortgages on their farms are being foreclosed this very day.

There is hardly a day that I do not receive letters from constituents of mine saying, "Oh, Senator, is there not some way by which it can be arranged that my home and my farm on which the Government has a mortgage may be saved? Is there not some way in which a foreclosure may be postponed and my home and farm saved to me and my wife and children so that we may not be turned out of our home?" Can I answer, "Yes; we have \$253,000,000 to contribute to the distressed of other lands but not a single dollar to contribute to save the American farmer from the foreclosure of the mortgage on his home and on his farm?"

Their families are being turned out of doors. What matters that? That is a mere local question. This is a great international question. It takes a broad mind to understand great international questions. We must not pay any attention to these purely local questions. They will right themselves. If a man is turned out of his house and out of his farm, let him do the best he can. It will all come out in the wash. Ah! but when it comes to these grave international questions—Germans in distress, Frenchmen in distress, Englishmen in distress, the people of other countries in distress—"Oh, yes; open the Treasury of the United States; let the gold flow out. It makes us broad in our views toward humanity!"

I do not subscribe to that doctrine. So far as I am concerned, I would rather provide in a law to use this \$253,000,000 to keep these families of American farmers from being turned out of doors. I would a thousand times rather vote to contribute every dollar of this \$253,000,000 to extend these mortgages, to prevent these American farmers from being turned out of doors, than to give it to the people of foreign countries who have never even asked us for it. They boast that they have never asked us for it. The President boasts that it was upon his initiative that this great, munificent gift was made to other people without their asking.

Again, Mr. President, we are told that our railroads are in a peculiarly distressed condition; and they are. I am

inclined to think that our railroads have made a mistake in not going out after business in this depression, reducing their rates, and entering into competitive efforts to get business. I think they probably could have benefited themselves if they had done so. Of course, I may be mistaken about this, but such is my belief.

In any event, Mr. President, the railroads of America are to an enormous extent responsible for our good or bad economic conditions; and for that reason I would rather vote to give this \$253,000,000 to the railroads of America, and thereby bring about greater employment and greater prosperity in our own country, than vote to give it to the peoples of foreign nations the governments of which have not asked for it.

I am informed that the prospective wage reduction on the railroads alone is something like this figure of \$253,000,000. I would rather, any day, turn over this sum to the railroads, or lend it to them, so that they could maintain a proper scale of wages for American workmen who are now without work and who will be without work, than to give it so generously, unasked, to the people of foreign nations. Our soldiers are needy. We loaned our Allies money after the war, and they paid their soldiers a bonus—a cash bonus. But we only gave our soldiers a promise to pay in 1945. We have since paid half of it. I had rather pay this \$253,000,000 to our soldiers than to give it to our European debtors, who do not appreciate it.

Mr. President, I realize that there are two sides to every question. I suppose Mr. Hoover feels that he had good reason for his action. That may be so. I do not want to do him an injustice. It must be remembered that Mr. Hoover is probably the greatest giver-away of other people's money ever known in the history of the world. He first came into public notice during the World War as the giver-away of other people's money to the people of Belgium, which had been almost entirely overrun by Germany at the time. It is true that it has been claimed by some that a great deal of this Belgian relief really helped Germany; but that, I suppose, is disputed, and I shall not go into it.

The American people were led to believe that this money they contributed for Belgian relief was going to the starving Belgians. Enormous sums—I do not think anybody ever knew what sums—went for that purpose and were distributed by Mr. Hoover. After the war was over one of the first acts of Mr. Hoover was to secure a recommendation from President Wilson to have the Congress appropriate another fund of \$100,000,000 to be given to the suffering people of Europe. He distributed it.

When people suffer in America Mr. Hoover says it is wrong for the Government to give them relief; it should be a private matter. But, oh, when people suffer in Europe it is a different question. After the war he recommended that the Government reach out and give to them, and he got President Wilson to recommend an appropriation of, \$100,000,000, which was distributed by him for their relief; and the American Congress gave the \$100,000,000.

It will be noted that in these two matters Mr. Hoover was supreme. He was the great almoner. He was the miracle man in furnishing the money to give to those who applied for it in foreign lands.

In 1922 we find him a member of President Harding's Cabinet; and in the Disarmament Conference of that year America voluntarily gave up 845,000 tons of warships at one time in order to secure the peace of the world, at a cost of over half a billion dollars—not that the ships were dismantled, but they were sent to the bottom of the sea, the greatest war vessels ever constructed on the seas at any time in the world's history. In 1928 there was another Disarmament Conference. Mr. Hoover did not take a prominent part in it, but another part of our Navy was sunk for international purposes, without any benefit to America or to the cause of peace.

Now we come to 1931. Instead of America abounding in riches, we find the greatest depression ever known in our country. We find our National Treasury a billion and a half dollars "in the red." Gifts to other people might be just

as popular as ever in some quarters, but the necessities of the case made it more difficult to make these gifts; and so Mr. Hoover comes again as the miracle man to give away other people's money. It was not in the Treasury to be given away, and therefore he stopped our foreign debtors from paying it into the Treasury, and asked the Congress to uphold him; and it looks as if the Congress is going to do it.

I think Mr. Hoover is wrong in all these matters. I think a great many of us suffer from nationalism. Perhaps I do myself, but if I were to criticize Mr. Hoover I should say that I think he is almost too broad in his universal statesmanship; that he covers almost too much territory; that he takes in almost too many people; and that his view of world problems has put him out of harmony with the problems in our own country.

I stop here, Mr. President, long enough to call the Senate's attention, if I may, to a cartoon that appeared in this week's issue of the Saturday Evening Post in which the cartoonist represents a number of ladies discussing international affairs. The chairman of the gathering says, "We can not longer ignore our responsibilities to Europe!" Another one says, "Oh, we must save Germany—poor, downtrodden, stricken Germany!" Another one says, "You are wrong about that! It is all right to give to Germany; we must give to Germany out of our great riches, but remember France first—poor, white, bleeding France! She needs it. Just think what wonderful people they are!" Another one says, "Oh, but we must not forget our own kindred. What about the plight of England? We must give relief to them." Another one says, "Our duty to the Far East is clear. We must act!" All of these are large ladies, according to the cartoon, and away down in one corner is a little individual about half an inch high, marked "Our American problems," who says, "Mamma, ain't I anybody's child anymore?"

We are forgetting our own people in this great crisis. Oh, Senators, let us not do it!

I want to say for Mr. Hoover that of course he thinks of America. I have no doubt about that. I have no doubt that Mr. Hoover would like to have America prosperous and happy; but he—the world statesman, the miracle man in handling the affairs of all countries—thinks of America only as a unit in the great whole, and not as the country in which we should all be most interested. While he is our President, I think he should think more of our Government.

Look at us! Look at our State Department! Look at our Treasury Department, the head of one, the head of both, running all around Europe last year, apparently seeking to give succor to distressed peoples. That was what the papers said. Here we are writing notes every day to Japan, asking her please to keep out of Manchuria. I have no objection to such notes; but, Senators, we have a crisis right here at home. We have 6,000,000 people who are out of work, most of them perhaps hungry, this very hour. They need relief. They need the attention of this Government. They need the attention—and I say it with all due respect—of the President of the United States at this time. We should quit thinking in terms of foreign nations. We should look after the best interests of the American Nation, and we will have our hands full if we will simply do that.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. I yield.

Mr. BARKLEY. I find myself in agreement with the sentiment expressed by the Senator from Tennessee; but as a practical matter I am wondering whether to reject this moratorium, now that it has already run for six months and has only six months more to run, would have any effect in relieving the situation in the United States to which the Senator calls attention.

I may add to the question this observation:

I do not think that either in the moratorium or in any other proposition that may come before us dealing with our relationship with foreign countries we ought to over-

look the welfare of our own people; I certainly do not intend to overlook it; but will we not have ample opportunity within the next few weeks to demonstrate our sincerity as well as our capacity to deal with domestic problems, wholly independent of the question of a moratorium?

Mr. McKELLAR. Mr. President, I shall take a great deal of pleasure in answering the Senator. I want to say to him that we may have the opportunity, but we have a less capacity by the sum of \$253,000,000, to help our people in this country, because but for this moratorium there would be in the Treasury to-day, at this very moment, \$253,000,000 that is not there now. Whatever may be our opportunity, we are going to have a difficult time to deal with an empty Treasury. I do not see how we can give relief to our own people with an empty Treasury. We have to bond ourselves and probably sell those bonds at a reduced price in order to do the things that are most needful in our own country.

I want to ask the Senator this: Are there any unemployed in his State? Are there any suffering and starving people in his State?

Mr. BARKLEY. Of course, there are; and I hope to secure legislation very soon to bring them some relief.

Mr. McKELLAR. Then does not the Senator think that in the use of money now in the Treasury or which may come into the Treasury his first duty is to help the unemployed and the starving and hungry people in his own State and in our own country?

Mr. BARKLEY. Of course, the Senator from Tennessee knows what my answer to that question would be; it would be in the affirmative; and already in this Congress and during the whole of the last session I have sought relief for our own people; and if the postponement of this moratorium or if its rejection by the Senate at this time would put into the Treasury of the United States the \$250,000,000 to which he refers, that would be one thing. That might justify the Senator's optimism. But, in my judgment, it would not result in putting a single dime into the Treasury of the United States, because the moratorium is now in effect, regardless of what we may do about it. Our word has been given, and a nation's word ought to be as sacred as that of a private individual or private corporation.

Mr. McKELLAR. Mr. President—

Mr. BARKLEY. One moment. Will the Senator join me a little later in an effort to give to the American people a moratorium somewhat commensurate with that which we are proposing now to give the nations of Europe? I will specify what I have in mind.

We are now seven years ahead of the lawful schedule in the payment of our own war debt, which is represented, in part, at least, by money which we loaned the allied nations. We have overpaid what the law required us to pay by \$3,500,000,000, because in prosperous times we had a surplus in the Treasury of the United States and used that surplus to a premature payment of that much of our own debt. So that if we did not pay on our own war debt a dime for seven years, at the end of that period we would then be where we would have been if we had observed the law in the retirement of our own war obligations.

When the time comes to levy taxes on the American people, will the Senator from Tennessee join me in an effort to suspend the operation of the sinking fund long enough to give our own people a breathing spell, rather than tax them to death in order to fill the deficit in the Treasury, which now exists?

Mr. McKELLAR. Mr. President, I have learned from experience—not of myself, because happily I did not fall into the error, but I have learned from the experience of other Senators in connection with this very measure—that it is not a wise thing to commit oneself to any measure until after it has been explained in this body. Therefore, I am not going to commit myself now.

I want to reply to the Senator's statement. Of course, I would take any reasonable and proper step which might be proposed to relieve our people from the awful condition in which they find themselves to-day—not one class of our

people, but all classes of our people. That condition is a monstrous condition, it seems to me, and I think that our charity ought to begin at home.

I think we ought to look after our people first, and not be willing to vote out of the Treasury \$253,000,000, and then look to see what scraps we can find in the future for our own people.

Mr. BARKLEY. Mr. President, the Senator—

Mr. McKELLAR. Just one moment. I would vote, and I intend to vote to give relief to our people first; and then later, if we can help other people, I shall be delighted to do so. I do not like to see distress and suffering anywhere, among any people; but I want to say that I conceive it to be my duty to look after the best interests of America first, and then let these matters come when we are able to handle them. If our Treasury were full it might not make so much difference; but being \$1,700,000,000 "in the red" to-day, I think we ought to be very careful about voting money to foreign people under these circumstances.

Mr. BARKLEY. Mr. President, I am sure the Senator does not desire nor intend to put me in the attitude which his language might imply, of being willing to vote \$250,000,000 out of the Treasury of the United States, because it is not there to begin with, and the Senator just admitted it was not there. This resolution does not take any money out of the Treasury. It simply gives our debtors a suspension of one year in paying money they can not now pay.

If a vote to reject this moratorium six months after it began to operate, and six months prior to its expiration next June, would put \$1 of this \$250,000,000 in the Treasury, it would be an entirely different proposition. But the money is not there, and it is not going to be put there, regardless of our action on this joint resolution granting 12 months' moratorium to the nations of Europe.

Mr. McKELLAR. Mr. President, I have no doubt that if this moratorium were defeated this day it would not be 30 days before every dollar of the \$253,000,000 would be paid into our Treasury. I have no idea that the great Republic of France would violate its obligation and treat its bonds as scraps of paper. I know that Great Britain, the people of whose country have the same blood we have, would not go back on their obligation. I do not believe the people of Italy would go back on their obligation, or that the people of Belgium would go back on their obligation, or that the people of any other of the nations would go back on their obligations. So far as I know, the only countries which are making a fight about the matter, or contending for cancellation, are France and Great Britain. The others are perfectly willing to pay. They wanted to pay, and there is even now a dispute in the country as to whether or not they had the money on hand in New York to pay on the 15th of December, when the installment was due.

Mr. BARKLEY. Mr. President, will the Senator yield again?

Mr. McKELLAR. I yield.

Mr. BARKLEY. I have no desire to prolong a controversy with the Senator, but does not the Senator know that if we were to reject this joint resolution granting a 12-month moratorium each of the debtor nations could, under the terms of their contracts with us, ask for a 2-year moratorium, and that we would be compelled to grant it?

Mr. McKELLAR. No, Mr. President; I do not know that that would be the fact at all. I have examined the contracts existing between the debtor nations and the United States. I think I am fully familiar with all of those contracts. They are contained in what is known as the Debt Funding Commission laws. Some of the nations have a right to ask for a 3-year postponement and one a 2-year postponement of the principal of their debts. But the Senator will recall that the principal forms only a small portion of the debts actually due every six months during these first years of the contract. So, under the moratoriums they would have a right to ask for, the payments from which they would be excused would not be as large—probably not one-fifth as large—as that provided for in this joint resolution.

If the moratorium which they might demand would be better for France and for England and for other nations, why this moratorium? If they have now a right to demand a moratorium which would be better, why not stand by the agreement?

I want to say to the Senator from Kentucky that whenever America makes an agreement, as one representative I am perfectly willing to stand by it.

Mr. BARKLEY. Mr. President—

Mr. McKELLAR. Just one moment; I will yield in a moment.

The Senator says that if he thought that by voting against this joint resolution and defeating it this \$253,000,000 could be brought into the Treasury, he would be against the joint resolution. I want to say that in my humble judgment if we served notice on the world that we were not going to have any moratorium, this one or any other, that we were not going to have any debt cancellation, the European powers would pay up, and continue to pay up, in accordance with the contracts which now exist between us.

Why do I say that? No great nation like Great Britain, which I admire extravagantly; no great nation like France, which I admire extravagantly; no great nation like Italy, which I admire; or like Belgium, or like the other nations which owe us money, is going to violate its agreement. They are going to pay. Their credit would be forever impaired unless they paid.

I call the attention of the Senator from Kentucky to the fact that not one of those nations has asked that this moratorium be declared. They have not asked for any postponement of the payment of the debt. It is the President of the United States who initiated the whole thing.

Mr. BARKLEY. I have not heard of any of them that object to it.

Mr. McKELLAR. I will do Mr. Mussolini the credit of having given out a public statement, after the moratorium was announced, to the effect that Italy had the money, and was perfectly willing to pay the installment she had agreed to pay. So far as I know, and so far as I believe, every single nation would pay.

If the Senator were to join us, and if the Senate could vote as I believe it desires to vote, and defeat this moratorium joint resolution, that would be the end of cancellation. It would do away with it for good, and the result would be that these countries would be better off, and so would America.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. THOMAS of Oklahoma. The distinguished Senator from Kentucky has just indicated that if he could be assured that if this moratorium could be defeated we would get a single dollar into the Treasury he might vote for it.

Mr. BARKLEY. No; Mr. President.

Mr. THOMAS of Oklahoma. Is that a correct assumption?

Mr. BARKLEY. The Senator misunderstood me. I did not make that statement or intend to leave such implication.

Mr. McKELLAR. I misunderstood the Senator, too, then, because I thought that was what he said.

Mr. BARKLEY. I said that if there were any assurance that the \$250,000,000 would be put in the Treasury by the rejection of this moratorium joint resolution that would be one thing, and might be a persuasive argument against the moratorium; but I did not indicate by that that I would vote against it. Of course, no one can give such assurance.

Mr. McKELLAR. I misunderstood the Senator.

Mr. BARKLEY. I will say to the Senator while I am on my feet that I am one of those who replied to the President of the United States that I would vote for the necessary legislation in view of the facts which I had in my possession at that time. In common with all of you, I had to act on the facts then before me. Regardless of what may have developed since then, I regard myself as having promised to vote for this joint resolution, and I would rather the people of my State would say I made an egregious mistake in doing

that than to have they say I would not keep my word to the President of the United States when I have given it.

Mr. McKELLAR. I want to say to the Senator that I indorse the statement he has just made. I think the Senator made a mistake in sending that telegram; but I think the Senator is exactly right, after having sent it, in abiding by it.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Tennessee yield to me further?

Mr. McKELLAR. I yield.

Mr. THOMAS of Oklahoma. The statement was made on yesterday, and not challenged, that one of the debtor nations has now on deposit in banks in America the sum that nation owes the United States and is ready to make payment in the event this joint resolution shall be defeated. That statement has not been denied; so we would at least get that sum transferred to the Federal Treasury.

Mr. McKELLAR. What nation was that?

Mr. THOMAS of Oklahoma. It was stated by the junior Senator from Nebraska [Mr. HOWELL] that that nation was Greece.

Mr. McKELLAR. Yes; that is true.

Mr. THOMAS of Oklahoma. Just one further statement, if the Senator will yield further.

Mr. McKELLAR. I yield.

Mr. THOMAS of Oklahoma. I have in my hand a signed news story of recent date over the signature of Carrol J. T. Horan. I will refer to one paragraph in this signed statement, with the permission of the Senator.

Mr. McKELLAR. I yield for that purpose.

Mr. THOMAS of Oklahoma. The statement reads:

The Italian ambassador called on the State Department on Saturday to announce that the Italian Government had already deposited with the fiscal agents of the Italian Government in New York the necessary funds to cover the Italian debt payments. Similar action had already been taken by Sir Ronald Lindsay, the British ambassador, and the French ambassador, Paul Claudel, who were in a quandary as to how to advise their Governments.

Mr. McKELLAR. I believe those proposals to pay were declined with thanks, were they not?

Mr. THOMAS of Oklahoma. I am not advised as to the diplomatic language used between the respective parties.

Mr. McKELLAR. There was some more kindly diplomatic language used, but that was the substance of it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. I do not know, of course, what the real facts are; but, in that connection, I may say that we have had before the Finance Committee during the last few days those who represented Great Britain and some of the other nations in the negotiation and sale of their government obligations. By presumption they would, of course, be the fiscal agents for the deposit of any money intended to go toward the payment of a debt due to the United States; and those gentlemen testified before the Finance Committee that there had been no such deposit made with them, and they knew of no other fiscal agents in the United States with whom such deposits had been made.

Whether it be possible that some nation, in order to avoid the technicality of being in default on the day when the payment was due, obtained the money to deposit it in some financial institution in this country, not expecting to have to pay the amount at present, I do not know. It is entirely possible that such an occurrence transpired. As a matter of fact, if they did not pay the obligation on the 15th day of December they would be technically in default, and no nation likes to be even technically in default on a payment. It is entirely possible that in order to avoid that technicality money was obtained from some source and deposited in this country so that it might be said to be ready if payment was demanded.

Mr. McKELLAR. I am glad to have that explanation from the Senator from Kentucky. That was the wording of the administration's statement, that those nations would not be considered technically in default by not having paid those amounts when due. My recollection is, from the newspaper accounts solely—because I am not a member of

the Finance Committee and was not present at the hearings—that the financial agents of Great Britain said that if Great Britain had drawn on them the draft would have been paid.

Mr. President, I have finished, with one exception, what I desire to say.

Some years ago a man by the name of William G. McAdoo was our Secretary of the Treasury. I remember that in 1914 it was thought by some people we were going to have a financial crisis in the country. Those of us who were in the Senate or the House at the time remember the celebrated McAdoo crop-moving order, when the New York banks got together and were believed to be preparing for a financial crisis. Mr. McAdoo advised them that he would issue \$500,000,000 of currency under the Vreeland Act and that he would also take Government deposits away from New York, Philadelphia, Chicago, and Boston banks and put them in the country banks for the purpose of moving the crops of the country. After this forceful statement it will be remembered that the depression went by the board and we had no financial crisis that year.

I wish we had had Mr. McAdoo at the head of the Treasury in October, 1929, when the present panic came. I believe our situation would have been better than it is now. He made a really great Secretary of the Treasury.

Permit me to digress long enough to say that, though I am his great admirer and friend, I am not for Mr. McAdoo for President. I am for Franklin D. Roosevelt as the Democratic candidate for President of the United States, and I think he is going to be the next President of the United States. I merely say this in connection with what I am going to say about Mr. McAdoo. Mr. McAdoo made a wonderful Secretary of the Treasury. He conducted the finances of the country in the interest of the American people. His views are entitled to weight.

I make the statement for the purpose of reading from page 424 of his recent book. It forms one of the most cogent reasons against the moratorium and against any further cancellation of the debts that could possibly be stated. Mr. McAdoo was and is an able and splendid man. He was a most forceful official. Above all, he was not afraid. I read:

On the other hand, the Liberty bonds which furnished the money to the Allies are still outstanding. They constitute a charge against the whole people. They will have to be paid, and they will be paid, both principal and interest, regardless of what happens to the foreign loans, because the United States is, and always has been, jealous of its honor. Cancel these foreign debts, and the result will be that Mr. Everyman and his wife and his children, in proportion to their means, will have to pay the colossal sum that the war profiteers have already put in their pockets.

Ah, Mr. President! I wish we had such a man at the helm of our finances now. He was a man who believed in the people, who believed in America, who was willing to be charitable at all times to foreign countries whenever we could, but who looked first after the interests of America. I want to say that Mr. McAdoo is exactly right when he says that Congress can grant the moratorium and thus enter the first wedge for the cancellation of our foreign debts, or it can cancel the debts in part, or can cancel them in whole; but the money which those foreign debts represented was collected from the American people through Liberty bond issues and Victory bond issues, and that money the American people are going to pay, and pay according to the bond.

Mr. President, I do not see how we can stand on the floor of this body and vote for a measure that will take \$253,000,000 in debts in one year off the backs of the people abroad who borrowed it, the foreign taxpayers for whose use it was spent, and put that amount of taxation on the backs of the American taxpayers.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Kentucky?

Mr. McKELLAR. I yield.

Mr. BARKLEY. I agree absolutely with what the Senator said with reference to cancellation or reduction. I would not vote for cancellation of the European debts to

this country. I would not vote for any further reduction, because to that extent it would mean cancellation. But does not the Senator know that if a mere postponement of the debts we ourselves owe were regarded as cancellation, all of us would be out of debt in the United States now?

Mr. McKELLAR. No, Mr. President; I do not know that. I believe this moratorium is but the entering wedge for further cancellations.

I want to say further to the Senator something with reference to what the moratorium means. It means exactly the same thing as if the next interest day of American bonds Mr. Mellon would come out with a statement that he did not have the money to pay the interest on those bonds, and that the interest would not be paid. What would happen to those bonds? We know what would happen to them. They would go below par. Why? Because there would be a belief engendered in the mind of every holder of those bonds that they were not going to be paid according to their tenor and effect. When we give this moratorium there will be engendered in the minds of our European debtors generally the idea that we are not going to insist on payment.

When we grant this moratorium everyone in this body knows—and I do not believe there is a man here who does not know it—that the whole intention is to form an entering wedge to the further cancellation of the foreign debts. So far as I am concerned, I am absolutely and wholly unwilling to take any step even looking to a further cancellation or reduction of those debts. The Senator from Kentucky [Mr. BARKLEY] says the moratorium does not mean that. If it does not mean that, why is the President sending a message here asking us to reestablish the War Debt Funding Commission? Why is the Secretary of the Treasury making a bold argument, and sending it out the very next day, saying that Great Britain was unable to pay, and that her debts ought to be reduced?

We know what it means. We know what the purpose is. We know that it is the purpose of those in charge of our financial affairs that if it can be arranged there will be a further reduction of the obligations now due us. Mind you, they were not for war purposes. We have canceled the war debts. These are commercial debts, made for the purpose of rehabilitating those countries—those countries who think of us as revealed by the articles to which I have called attention to-day.

Mr. President, I regret that I have taken so much time. I want to thank Senators for having listened to me so patiently. I apologize. My only excuse for having taken so long the other day and to-day is that I deeply feel the importance and seriousness of the situation. I believe in our great Republic. I want to help her; and then, if we have anything left after helping our own people, I will be happy to join with the internationalists in seeing what we can do for the afflicted and distressed of other lands. But so long as I know myself I shall vote against any measure that puts America in second place to any other nation under the sun.

Mr. SHIPSTEAD. Mr. President, it is quite evident that it is not expected that any vote will be changed by this debate. I find no fault with those Senators who have pledged their votes to this measure if they can square that with their conception of their constitutional duty. They tell us why they did so. They tell us that they were told that this measure would save the world from economic collapse. They tell us that they were told that it would stop the depression in the United States. They tell us that they were told it would save Germany from political collapse. When they were told that, I am sure they believed it was so or they would not have pledged their votes. But in my opinion they should have waited until all the evidence was in before rendering a decision. It must be evident to everyone now that the bases upon which they cast their votes were not founded on the facts.

The world has not been saved from political or economic collapse, nor has the depression been stopped in the United States, nor has Germany been saved from the economic and social and political consequences which exist in that country to-day due to the fact that the World War has never

ceased, due to the fact that through the treaty of Versailles an economic war has been conducted against Germany ever since the World War ceased.

If I believed that the world depression and Germany's economic collapse had been stopped by voting \$250,000,000 out of the United States Treasury, I would myself so vote. However, I have the belief that those things are due to causes of far deeper moment. Those conditions are due to causes that go far deeper than can be cured by simply spending \$250,000,000 of the United States taxpayers' money to buy, for the period of one year, the allied European governments off of the back of Germany. That is what it amounts to, so far as I can see.

The President in his message states that the moratorium has nothing to do with the cancellation of debts, but at the same time he states that he wants the debt-funding commission re-created. The President says also that the moratorium has nothing to do with reparations. It has something to do with reparations in this respect, that it ties up the money that certain countries of Europe owe us for amounts loaned, mostly after the war, with reparations; and that is something they have tried to accomplish ever since the treaty of peace was signed. The Government of the United States has never consented to such a connection between the so-called allied debts and reparations. Those debts are based on entirely different grounds. The reparations were an indemnity assessed upon Germany for having been the sole cause of the World War. Everyone now knows that that decision and that indemnity were based upon an untruth. Germany certainly was not the sole Government or country responsible for the World War.

The debts of the Allies to us are based upon loans made to them for the purpose of rehabilitating their industries, to buy food for their people, to put them on their feet, and save them from chaos after the World War was over. If the President of the United States and the Congress of the United States desire to do something to save this country from depression, and to save Germany and Europe from political, social, and economic collapse, I would advise them to explore much deeper into the causes of the present condition than has been done by those who sponsor this joint resolution.

How far could \$250,000,000 go toward saving Europe from economic collapse? I have here a compilation showing the sums spent by the various countries of Europe for armaments and the amounts they have spent in payment of the interest on their debts to the United States in 1930.

In that year Belgium spent for armaments \$23,247,000 and paid to the United States as interest on her debt \$7,950,000. She spent about two and one-half times more for armaments than she paid the United States on account of interest.

Czechoslovakia spent, in round numbers, \$41,000,000 in 1930 for armaments and spent \$3,000,000 in the payment of interest to the Government of the United States on her debt.

France spent \$547,000,000 for armaments in 1930 and expended \$50,000,000 on her debt to the United States.

Great Britain spent \$608,000,000 in 1930 for armaments and expended \$159,000,000 to the United States on her debt.

Poland spent \$122,000,000 on armaments and \$7,000,000 to the United States in interest on her debt.

Italy spent \$322,000,000 for armaments in 1930 and expended about \$14,000,000 in the payment of interest on her debt to the United States.

So, in spite of all so-called peace treaties, the Locarno treaty, the Briand-Kellogg pact, the League of Nations, and the 9-power treaty, the nations of Europe are spending seven times more for future wars than they have paid to the United States on the honest debt they owe to us. And what they have paid us for interest was borrowed here. If those nations would cut their military armaments or their military expenditures by one-seventh, they could pay all their debts. As a matter of fact, what they pay to the United States amounts, generally speaking, to less than one-half per cent of their national incomes, less than 3 per cent of their annual budgets, and less than one-seventh of what they spend for armaments each year.

The moratorium agreement was not proposed because they could not pay. Certainly Germany could not pay reparations; and the moratorium will not make Germany able to pay reparations. It will not change the status of the reparations, because Germany could not have paid anyway; so how will it help Germany?

The moratorium was proclaimed on June 20 and was agreed to on July 6. The banks of Germany did not start to close until long after the moratorium had been agreed to. As a matter of fact, the run on the banks of Germany increased in intensity and force after the moratorium had been proclaimed. By July 20 most of the banks in Germany had closed because of that run not only by the people of Germany but by foreign bankers having credits in Germany.

Those bankers did what private investors or private depositors do, and for which bankers criticize the individual depositor. Foreign bankers who had credits in Germany started a run or increased the run that had already been started on the banks of Germany. As a matter of fact, bankers are peculiar; they are like a man who will lend one an umbrella when the sun is shining, but when it begins to look like rain will ask for its return. So they called every cent that they could get out of Germany until they could get no more. Then the German Government was forced to take such drastic steps to prohibit the flight of gold from Germany that, in fact, a dictatorship was inaugurated in Germany, and very heavy penalties were imposed upon people who endeavored to remove capital from Germany. That is what stopped the run on the banks of Germany and made it possible to reopen them.

Mr. President, this moratorium is only one step, and I hope the last, in the very interesting and subtle intrigue that has been going on in our foreign relations for the past 15 years. We have sponsored a financial policy that always starts out as a private business transaction. The distinguished banker from New York who testified before the Finance Committee day before yesterday said that he was trying to build up a psychology for the people of this country.

First, we had the so-called Dawes plan. When the governments to which Germany was to pay reparations found that Germany could not pay what they thought was sufficient, they entered upon another program. Germany paid all she could; but those to whom she paid reparations wanted more. They could not get it out of Germany, and so they got together and organized the so-called Dawes Commission which furnished the world with the Dawes plan by which whatever reparations Germany could not pay out of the profits of her industry and through taxation she would be able to pay out of funds that could be borrowed in other countries; and to make it semiofficial, so far as the Government of the United States was concerned, there was made chairman of that committee a man who was in that year the Republican candidate for Vice President of the United States.

Under the authority of that plan bonds were issued, underwritten by bankers, and sold for a commission to the people of the United States, the people of Holland, and the people of other countries, but particularly the people of the United States. When the creditors of Germany collected as much as they could under that plan, then came the Young plan, with another American as chairman. This time a Democrat was selected in order to make the scheme nonpartisan or bipartisan. Under that plan bankers again underwrote the bonds of Germany for a commission, peddled them throughout the country under high-pressure salesmanship methods to investors, got the money, turned it over to Germany, and Germany paid her reparations. The reparations were payable in gold, and the gold went to those who received the reparations, and certainly a good time was had by all so long as it lasted.

Now people have found fault and editorials have been written finding fault with Germany for borrowing this money. I believe—and I think the estimate has been verified—that something like \$4,000,000,000 were thus borrowed. But these same people who put this paper in the hands of

investors and banks of the United States underwrote and peddled out seventy billions of American paper to the people of the United States in the last 10 years, from 1920 to 1930. So when it comes to spending borrowed money, with everything that has been said about Germany, Germany is a "piker" compared to the municipalities and States and people of the United States when it comes to spending borrowed money raised through bonds and stocks.

When the stock-market crash in 1929 came they could not sell any more bonds here. People had lost their money and were getting suspicious, and the racket was not so good as it had been in the previous 10 years, so what did these people do? They took the depositors' money in the banks and sent it to Europe as short-term credits to get a rate of interest of 7 or 8 per cent.

When I was a boy I asked a banker what was the most important thing to know in a bank. He said, "The most important thing to know in a bank is to know the difference between short and long term credits." These bankers did not even know that.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Minnesota yield to the Senator from Utah?

Mr. SHIPSTEAD. Yes; I yield.

Mr. KING. Is it not a fact, however, that European countries, including Germany, or German citizens, in order to obtain the high rate of call money on the New York Stock Exchange, loaned from time to time approximately a billion dollars in the United States? Of course, it was call money and could be withdrawn at a moment's notice. So that while Americans were guilty of the wrong—if we may call it a wrong—of loaning enormous sums for the purpose of adding to the orgy of stock speculation, many of our European friends, anxious to get this high rate of interest, loaned their funds here. Perhaps money that we had loaned to Europe came back again and was loaned upon the Stock Exchange.

Mr. SHIPSTEAD. I am informed that a great deal of that was done in 1928 and 1929.

Lord Beaverbrook is quoted on August 19 as saying, in regard to these American and British short-term credits, which were bank deposits, transferred to Europe:

No man could conceive that such huge figures could have been reached. They were a revelation to the world. It is fortunate for Great Britain that New York is more heavily involved than we.

Eight hundred million dollars of the American people's bank deposits were transferred to Europe as short-term credits, and what happened to Germany is what happened to us. It was not only in Germany that they had had bank collapses and bank failures. We had them here. We had them all over the world. But it was not Germany's fault. Lord Beaverbrook continued:

The great question in Great Britain is whether or not the Government will pledge the national credit to restore the German situation.

For the benefit of Germany, or for the benefit of English bankers who had reloaned other people's funds in Germany? Of course, the British Parliament was called in extra session to deal with the situation in order to throw the governmental credit back of the banks of London. The American Congress should have been called into session if it was found necessary to throw the credit of the Government of the United States back of the New York banks that had \$800,000,000 on short-term loans in Germany.

When we bear these things in mind, the contradictions that surround this joint resolution cease to be so mysterious.

It is true that if this joint resolution is defeated—which it will not be—that will not put back a dollar into the Treasury of the United States; but I want to protest against this procedure. I object to New York bankers playing European politics with American bank funds and then making the taxpayer pay their losses.

I find in a paper of to-day a quotation from French papers pointing out that under the Mellon-Berenger agreement, France, if she will give notice three months before June 16, 1932, can get another extension of this moratorium.

I find here a paragraph that is interesting, and the mystery of it lends itself very well to the mystery that surrounds this joint resolution. It says:

France may use the provisions of the Mellon-Berenger debt agreement for a partial 3-year moratorium on her debt payments to the United States if the Hoover moratorium is extended.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from California?

Mr. SHIPSTEAD. Certainly.

Mr. SHORTRIDGE. I assume that the Senator knows that a provision of that character is in each and every—all of the written agreements entered into between us and the debtor nations. That provision is there.

Mr. SHIPSTEAD. Yes; I have just finished reading it. I have it here.

France can save \$30,000,000 in payments to America next year under article 2 of the agreement, which provides that by giving 90 days' notice she will pay the United States only \$20,000,000 annually. The 1932 scheduled payments total \$50,000,000.

Then the article continues, saying:

The French expect that the reparations conference to follow the report of the advisory committee of the Young plan, meeting at Basel, will grant Germany an extension of the Hoover moratorium. In this case, France is considered likely to invoke article 2 of the Mellon-Berenger agreement.

It is expected that—

the reparations conference to follow the report of the advisory committee of the Young plan meeting * * * will grant Germany an extension of the Hoover moratorium.

By what authority they expect to grant an extension of the moratorium I should like to be informed.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Utah?

Mr. SHIPSTEAD. I yield.

Mr. KING. I am not sure that I understand the point the Senator has just made. Of course, France could not, by granting a moratorium to Germany upon the latter's request, affect any contract between the United States and Germany. Does the Senator imply from what he has read, or does he draw the deduction from what he has read, that France seeks to modify in any way the contract which was entered into between the United States and Germany?

Mr. SHIPSTEAD. This is a quotation from a French paper. It states, or implies, that this reparations conference has the power to grant to Germany an extension of the Hoover moratorium.

Mr. KING. Mr. President, if the Senator will still pardon me, if the contract were a multiform contract, if it were between all of the debtor countries instead of the United States and Germany, or the United States and France separately, or the United States and Great Britain separately, then, obviously, all the other nations, if they should agree, could not modify the contract between the United States and Germany; and I do not understand that the council at Basle could enter into any arrangements or negotiations which would interfere with the contract which has been made between the United States and Germany.

I was wondering if the Senator meant to convey the idea that any action that might be taken by this conference at Basel, or taken by France or the other nations acting jointly or separately, could interfere with the contract which we have with Germany.

Mr. SHIPSTEAD. Does the Senator mean whether they would have a right to end that contract?

Mr. KING. Yes.

Mr. SHIPSTEAD. I give it to the Senator as a quotation from the French press, for what it is worth.

Mr. KING. Of course, if the language in all of the contracts were the same, and the provisions were the same—namely, that upon the request of Germany a moratorium might be obtained from one and all of the allied nations—then, if she made the request upon all, if the contract were lived up to, the moratorium would be granted by all of the nations to Germany. But if the contracts are separate,

bilateral instead of multilateral, then one nation or two nations could not affect the contracts as between the other nations.

Mr. SHIPSTEAD. I had not intended to discuss that. I gave it as I got it from the Washington News, as a quotation from a French paper. Usually the French know what they are talking about in affairs of diplomacy and international relations.

Mr. KING. And finance.

Mr. SHIPSTEAD. Mr. President, I called attention to the practice here in the United States of these extralegal, unofficial commissions that, sometimes surreptitiously, sometimes overtly, have been traveling to Europe for the purpose of engaging in financial deals with the Governments of Europe. When they go, we are always told that it is none of the Government's business; that it is a private transaction, with which the Government of the United States has no concern. We always find, when they become heavily involved, that they cease to be unofficial and become official; and then the Government of the United States is asked to underwrite and spend the taxpayers' money to pay the losses.

Before we got into the World War banks in this country were financing, for a commission, war purchases in this country; and we have it on the authority of the then Assistant Secretary of the United States Treasury that when we went into the war, there were \$800,000,000 in war contracts that foreign governments could not pay, and we paid them. We have it also on the same authority that in one of the banks of the United States one foreign government had overdrawn its bank account \$400,000,000, and could not pay; and the first thing we did after war was declared was to draw a check upon the Federal Treasury to pay the deficit.

These transactions always start out as private business transactions, whether they be war purchases, whether they be flotations of bond issues, or whether they be questions of frozen American bank depositors' credits, frozen in Europe. If the people who handle these transactions have enough influence and power, as they usually do, they sooner or later obtain action by the Government of the United States to pay their losses.

If we are going to assess the taxpayers of the United States to pay for the losses resulting from the guaranty of bank deposits in Europe, by the same token we ought to ask them to pay the losses of American depositors in "busted" banks in the United States. If we are to start out upon such an ambitious program as to save Europe from the apparent coming conflict and possible collapse, and save the impending crash in the United States, we shall have to do something else than just take \$250,000,000 out of the American taxpayer's pocket and hand it over to some one else. It can not be done in that way.

I do not find fault with anyone who thought it could be done that way. We have spent \$40,000,000,000 in the last 15 years to save and build up Europe, and I think we have done a very poor job of it. I think economic salvation, like charity, should begin at home.

There is a greater deficit in the Treasury of the United States than in that of any other government in the world. We have more people out of employment here than are out of employment in any other nation in the world, and I think there are more bankruptcies and more foreclosures of mortgages in this country than in any other country in the world.

If we are to get to the root of this European trouble, the President of the United States will use the power vested in him, and I am sure the Congress will be glad to follow him in calling an international conference of all the nations of the world who owe us money to revise the treaty of Versailles and the treaty of Berlin, to get away from the curse of the last war and stop the war from continuing, as it has done, upon the economic ground on which the war has been fought since 1918.

There can not be peace unless the causes of war are removed. The treaty of Versailles is an instrument of war, has been used for war purposes, and that war is still going on, always with a possible military war in the background,

and for every cent of credit we have released to European Governments, to that extent new credits have been released for the building of armaments in Europe. As a matter of fact, as a result of the debt settlements we made, American taxpayers are now paying for the armies and the navies of Europe.

It is useless to talk of peace, either political peace or economic peace or stability of international commerce, so long as we still are laboring under the psychology of war as it is still operating through the treaty of Versailles and the treaty of Berlin.

Mr. THOMAS of Oklahoma. Mr. President, the pending measure (H. J. Res. 147) proposes to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932. The proposal, in effect, is a relief measure for certain countries and peoples of Europe.

Upon the second day of this session the President advised us as follows:

Upon the initiative of this Government a year's postponement of reparations and other intergovernmental debts was brought about.

In so far as our Government is concerned the debts were due December 15. The payments were not made; hence, as suggested by the President, the postponement is already an accomplished fact.

While the President and others are devoting their attention to and bestowing their blessings upon foreign lands and peoples, and extending the payment of their debts at the expense of the Federal Treasury and the taxpayers of America, I will postpone the final vote only long enough to call attention to the distress among the peoples within the borders of our own country.

Recent issues of widely read publications carry full-page semiofficial statements advertising to the world the condition and suffering of our people. I exhibit to the Senate such an advertisement. The statement is sponsored by the President's Organization on Unemployment Relief and by the Committee on Mobilization of Relief Resources.

Mr. President, what is the condition to-day among the people of the country? The advertisement answers the question. I read:

Men are out of work. Our men. Our neighbors. Our citizens. Honest, hard-working folk.

Let me add, they are your constituents and mine, men who support the Government in times of peace, and men who defend it in times of war.

Again I read:

They want jobs. They're eager to work. But there aren't jobs enough to go 'round. Somebody's got to tide them over. Who's going to do it?

Mr. President, who is going to do it? This question is tormenting the minds of millions of our people at this very hour. If organized society—local, State, or National—does not solve the riddle, then distress will organize, and the highest human law, the law of self-preservation, will be invoked, and the people themselves will provide the answer.

The President advises us that he is "opposed to any direct or indirect Government dole," yet he reports, apparently with approval, that distress is being relieved by city, county, State, and charity doles.

What is the difference between a city, county, or State dole and a National dole? In so far as the cost is concerned and in respect to the effect upon the morale of the recipient what is the difference between a charity dole and a Government dole?

Mr. President, this suggests the query, What is the function of government? In thousands of years of recorded history this question has never been answered satisfactorily. Every official act of every government attempts in an affirmative way to answer in part this question: What is the function of our Government?

The Declaration of Independence suggests an answer:

Governments are instituted among men to secure life, liberty, and the pursuit of happiness.

The Constitution itself suggests an answer:

To promote the general welfare of the people of the United States.

Under the general-welfare clause our Government has the power to help those in distress.

What is the picture to-day?

We see America, the richest, strongest, and most influential Nation of the earth; we see vast surpluses of raw and manufactured products; we see 500,000,000 bushels of surplus wheat; we see 24,000,000 bales of cotton to be disposed of; we see \$60,000,000,000 of frozen credits in the bank vaults of America.

Reverse the picture; look on the other side.

We see 6,000,000 unemployed—representing 30,000,000 American citizens—men, women, and children, without income and without means of support.

We see another 30,000,000 men, women, and children engaged in agriculture, with ample food and produce, but without money, taxes unpaid, interest defaulted, and foreclosures completed and pending.

These two groups embrace one-half the total population of the States.

What have the conditions portrayed produced?

On every hand we see silent factories, smokeless chimneys, and empty dinner pails. We see abandoned farms, empty buildings, and a restless people. We see failures, bankruptcies, insanity, and suicide.

What is being done to either avert or relieve this pending and growing disaster?

The administration plan is for each community to solve its own problems and provide for its own distressed. If this plan fails, if communities do not provide bread and soup and flop houses, then what may happen?

The pages of history are red with answers.

Insufficiently clothed and undernourished bodies are unable to resist the cries of children for bread.

To the suggestion that propertyless, jobless, and hungry people care for themselves, let me, in the name of the inarticulate millions, suggest that if the favored and privileged few insist on owning all the property, doing all the work, and garnering all the profits, then they must prepare to pay all the taxes, provide jobs for, and feed and clothe the people of America.

No one has asserted or can assert that the Government is not able to provide relief for our own people. A Government so impoverished as to be impotent is already dead. A Government that, while being literally crushed by the weight of its own gold, its own food supplies, and its own manufactured products, refuses to go to the rescue of its own people, does not deserve to live, and if the inattention is prolonged, such Government will not long survive.

The President advises us that the economic depression is world-wide and that already the governments of 19 countries, embracing more than half the population of the world, are either tottering or have already fallen.

On yesterday the Associated Press was responsible for the statement that:

In one way or another administrations were overturned in 23 countries across the world in 1931.

Our people are patient, yet they are human.

Under our system of government our people do not and should not have to resort to force to bring about a change.

Already the people, using their legal weapon—the ballot—have waged and are waging successful revolution on every political battlefield.

Mr. President, the people have won at home; are they to lose here in Washington?

Why is it that a proposal to tax Americans to help foreigners takes form even before the Congress convenes, and then, with a political battering ram, is driven through in double shifts extending even into the nighttime?

Can this be due to the soothing influence of Washington, the Capital of the Nation, the richest Government of the earth?

What is the picture here?

Washington, a city of 600,000 people, having a local annual budget of some \$50,000,000, having some 75,000 Federal employees drawing annual salaries totaling more than \$150,000,000; and with a local Federal housing program under way costing \$125,000,000 additional, with each dollar having an enhanced buying power—Washington is to-day the most prosperous city not only in America but in the world.

The head, leaders, and advisers of the administration are men far removed from want. They neither come in contact with, see, nor even hear of the real suffering and anguish existing among the people.

But have we, who have just come from the homes of our people, already forgotten the scenes we left only a few days ago?

Time alone will answer this question.

Mr. President, I admit the Seventy-second Congress is new. In the Senate the party of the administration has not perfected its organization. Yet in these few days the issues are clarifying and the forces are assembling.

The program recommended, submitted, and pending before us will help those for whom it was intended, but it fails to reach those most in need.

The proposal at issue, the moratorium, will help only peoples across the sea.

Decreased appropriations will add recruits to the army of the unemployed.

Increased taxes of the kind proposed will take clothing from the backs and food from the mouths of the masses of the people.

Federal aid for the banks, industry, and the railways is not sufficient, in that it will not reach those who must have assistance.

Repeal or even revision of the antitrust laws is in the interest of combinations and mergers and leads only to monopoly.

Mr. President, we have now traveled for more than two years in the mist and maze of uncertainty. We have had to feel our way along.

During the last winter we were informed that if the Congress would adjourn and go home the captains of industry would work out our salvation and bring back our lost prosperity. The Constitution adjourned the Congress on March 4, but conditions did not improve. Instead, they grew steadily worse. In my section of the country we were blessed with bountiful crops, yet the market price was far below the cost of production. Wheat sold for less than 25 cents per bushel, cotton sold for less than 6 cents per pound, and oil sold for less than 10 cents per barrel.

Mr. President, we can not live under such conditions. We have come to the forks of the road. The highway over which we are invited to travel is a continuation of the path of liquidation, and deflation, and can lead only to stagnation, collapse, and chaos.

From the standpoint of the great masses of the people, the wage earners, the farmers, business men of low and high estate—in fact, from the standpoint of all our people save the life-salaried class and the holders of fixed investments—we can not in safety follow further the policy that has been pursued.

The time has come which demands and justifies frankness.

The total massed debts of the people are to-day more than \$150,000,000,000. America, as we term the United States, under the existing financial policy can not be liquidated. I know some of the facts, but it would be neither appropriate nor helpful to state them here.

Because of deflation—the removal of more than \$2,000,000,000 from circulation—the value of the circulation remaining, only some four and one-half billion dollars, mounted upward and the value of all classes of property vaulted downward, until to-day all the property of the country could not be sold for a sum sufficient to retire the massed obligations of the people.

For millions of our people liquidation has run its course. Positions are being vacated, employees are being discharged,

wages are being cut, incomes are diminishing, holders of industrial notes and bonds are not getting interest, and, in addition, they are gradually learning that their securities have lost much if not all their former value.

The moratorium now about to be voted will not need to be renewed to make it permanent. A precedent of postponement is about to be set. Once set, like a prairie fire, it may spread.

At this point let me call attention to crystallizing public opinion relating to the debts, not only of America but of the world.

I read from a signed news article published within the last few days:

Charles E. Mitchell, head of the National City Bank, of New York, brought his testimony before the Senate Finance Committee yesterday to a dramatic close by prophesying a movement of the youth of Europe and America to cast off the yoke of war debts. The well-groomed, thick-set banker shook a warning finger at the members of the committee and gave them such an unvarnished picture of future world financial events that they sat back in silence while he declared:

"I can not see that Germany would go on paying until all her debts are concluded. I think it would lead to rebellion to insist upon it.

"There are Germans now growing up who were not born at the time of the war. They see that they are under this heavy yoke, of which they are not responsible. The same is true of the youth of France, England, and Italy.

"I am not preaching a doctrine of cancellation. I am merely trying to develop the psychology of the people.

"It would be a miracle if by any sudden change Europe were able to resume payments on her debts."

Otto H. Kahn, of Kuhn, Loeb & Co., while before the Finance Committee on yesterday is reported to have said:

It is a wicked thing to compel debtors in times like these, which are beyond his power, to neglect going to extremes to make it possible for them to tide things over.

He added that this should be done by the Government and everybody else.

According to the Associated Press, *Le Temps*, a widely read newspaper of Paris, said only two days ago:

Whether Americans desire it or not, they will be forced by events to examine the debts problem in the light of international relations and the financial and economic necessities of the whole world, which it is in nobody's power to suppress.

On December 19, three days ago, Col. Leonard P. Ayres, vice president of the Cleveland Trust Co., a noted economist and recognized business analyst, by the Associated Press is quoted as follows:

For 1932 the economist predicted smaller gold exports, less money in circulation, more commercial failures, smaller dividends, lower cost of living, and lower earnings for industrial and railroad employees.

Mr. President, if these analyses and prophesies are verified and come true, the day is near at hand when the property of the country will be in the hands of the privileged few and the great masses of the people will be economic serfs and slaves.

In a favored land, populated by an enlightened people, there must be some possible plan of relief. Our duty is to find such plan, and then when found to place it in operation.

Why is this moratorium proposal now before us?

Why are banks failing?

Why are companies and industries going bankrupt?

Why are railways in distress?

Why are the people cold, naked, and hungry?

The answer to each question is—lack of money.

The President does not agree with this conclusion. On page 6 of his first message he says:

We have enormous volumes of idle money in the banks and in hoarding.

On the same page he says:

One billion one hundred million dollars of currency was previously withdrawn which has still to return to circulation.

If the President is correct, of course my conclusions are in error.

What about this "enormous volume of idle money in the banks and in hoarding"?

How much money have the banks? Let the record speak.

On page 127 of the latest report of the Comptroller of the Currency we find that all the reporting banks in the United States and possessions have total resources of over \$70,209,000,000; that they have total deposits of over \$56,864,000,000, and that they have total cash, gold, silver, and currency, in the total sum of only \$884,000,000.

If we subtract the cash on hand from the total deposits in the banks, we get the sum of \$55,980,000,000. The President evidently thinks this \$55,980,000,000 is some kind of actual money; but it is not gold; it is not silver; and it is not currency. It is nothing more than credit. It is only a massed debt which the twenty-odd thousand banks of the country owe to their depositor customers. Should any one insist that this \$56,864,000,000 of deposits is actual money, ask him how much of such sum could be taken from the banks and hoarded.

While the record shows that we have over \$56,000,000,000 on deposit, the same record shows that on July 31, 1930, we had only \$4,426,493,631 in circulation.

Where is this actual money—gold, silver and currency—that is admitted to be in circulation and outside the Treasury?

The same record shows that \$884,000,000 of the sum is in the vaults of the reporting banks. The President advises us that at least \$1,100,000,000 is still in hiding. The best estimates are that over \$500,000,000 of American money is in foreign countries. One hundred million dollars is in Cuba alone. The balance, or only \$1,942,000,000, is alleged to be sufficient to transact the business of the richest, strongest, and most influential Nation of the earth.

The best times this country ever saw were back about 10 years ago, times when the largest amount of real money was in circulation. In 1920 the actual cash outside the Treasury was some \$6,300,000,000. By making allowances for the money necessarily in the vaults of the banks, allowances for the money in foreign countries, and allowances for the small sums in hiding, we still had at that time more than double the actual cash in active circulation that we have to-day.

With double the cash in circulation, cotton sold in 1920 for 40 cents per pound; oats sold for \$1 per bushel; wheat sold for \$2 per bushel; corn sold for \$1.75 per bushel; and oil sold for \$3.50 per barrel.

In 1920, with the largest amount of money in circulation in history, we had the highest commodity prices in a generation. During that era, instead of men hunting work, there was employment for all.

In 1930-31, with the smallest amount of money in circulation since the war era, we find commodity prices the lowest in a century and our own country on the verge of an economic collapse.

Mr. President, I am not now advocating that we return to the war prices of 1917 to 1920; but I am demanding that we return to the prices current when the great mass of our indebtedness was created. No one qualified to speak denies that this can be brought about.

John Stuart Mill said:

The value of money is inversely as general prices, falling as they rise and rising as they fall.

Again he said:

The value of money, other things being the same, varies inversely as its quantity; every increase of quantity lowering the value and every diminution raising it in a ratio exactly equivalent.

Ricardo says:

The value of money in any country is determined by the amount existing; that commodities would rise or fall in price in proportion to the increase or diminution of money I assume as a fact that is incontrovertible.

Sir James Graham says:

The value of money is in the inverse ratio of its quantity, the supply of commodities remaining the same.

Torrens says:

If the value of all other commodities in relation to gold rises and falls as their quantities diminish or increase, the value of gold in relation to commodities must rise and fall as its quantity diminished or increased.

Jevon says:

There is plenty of evidence to prove that an inconvertible paper money, if carefully limited in quantity, can retain its full value.

N. A. Nicholson, of Oxford, in his *Science of Exchange*, says:

Whatever substance may be used as currency, an excessive quantity of it (more than is required by the wants of the community) necessarily causes a diminution of its purchasing power.

Taussig states the proposition most simply, as follows:

Double the quantity of money and, other things being equal, prices will be twice as high as before and the value of money one-half. Halve the quantity of money and, other things being equal, prices will be one-half what they were before and the value of money double.

Ruffner, in his *Principles of Economics*, says:

Doubling the amount of money tends to double prices.

Again, he says:

The price level in the country will tend to rise in proportion to the increase in the money supply.

Mr. President, in 1920, when circulation was at its peak, a movement was inaugurated to decrease the amount thereby making money scarce and consequently dear and at the same time reducing commodity prices on the pretext of lowering the high cost of living.

It did not take legislation to effectuate this result. The Federal reserve acted, machinery was placed in motion, deflation started, and the end is not yet in sight.

If the Federal reserve has been able to convert America prosperous into America impoverished, then if it is not already too late, why will not a reversal of past policies bring about at least a measure of relief?

Dr. Irving Fisher says:

The Federal reserve has the power to control inflation and deflation through its control of interest rates which control the stream of bank credit—a stream which to-day is far more important than gold as an agency of inflation and deflation.

On yesterday the President's Unofficial Committee on Unemployment Relief is reported to have decided against the issuance of bonds to finance public works to the end that the unemployed may have work, and gave as the reason that such an issue "would cause serious declines in the market values of the present outstanding low-yield issues and thus result in severe losses to holders of such securities."

Mr. President, it would seem that the leaders of our Government to-day can see but one class or group of our people, and that group is the comparatively few fortunate individuals who hold Government securities.

What about the holders of securities on farms, city property, and industrial institutions? Such securities have already depreciated through lack of buying power of the people. Government securities will be the last to be affected, but the present policy will surely bring about conditions under which even the interest on such obligations may come to default.

Avarice, greed, and unrestrained power have brought the world to its knees. America is the world's creditor Nation. Vast sums are owing us and are payable in gold. Our debtors must secure gold to liquidate their obligations. How can our neighbor nations secure the gold when we already have practically one-half of the world's monetary supply hoarded in our strong boxes here at home? Some might say that they can pay us in goods, but reasons exist why this is likewise impossible.

Mr. President, I was in a way consulted relative to the pending issue. I replied that I indorsed the proposal on two conditions—first, that an international conference be called in the hope of arriving at a better understanding among the nations to the end that such nations should have an opportunity of assisting in bringing about a cessation of the existing depression; and second, that a nationwide program for necessary internal improvements be initiated and developed to the end that "our men, our neighbors, our citizens, honest, hard-working folk," your constituents and mine, might be tided over.

Such conditions have not been complied with.

Again, there is coupled with this proposal an evident plan to scale down or cancel altogether the obligations due our Government. I am opposed to such a program.

Cancellation, in effect, equals repudiation, and either policy will transfer the debts from the peoples who received the money to the taxpayers of America.

Mr. President, the trend of developments and developing policies makes it impossible for me to support the pending joint resolution.

Mr. JONES. Mr. President, "Pay our bonus before you help foreigners." This is the substance of many telegrams I have received. They come from those who crossed the sea to uphold the honor of their country and the principles for which it stands. Their attitude is natural and sincere.

I doubt, however, if they grasp the real purpose and object of this moratorium. I am going to vote for it, not so much to help Europe as to help our own people. If it would benefit only Europe, I would be less interested in it.

How does it help us and our people? There may be honest differences of opinion as to the cause of our industrial condition. I believe it comes largely from, and is being prolonged by, the situation in Europe. Correct that and prosperity will come quickly to our people. The wheels of industry will soon begin to turn. Labor will be employed, and capital will become active. This will bring good to all of our people, including the soldiers. This moratorium is intended to help do this.

The nations involved owe us money. They are impoverished by the war. They can not meet their payments to us. They want to do it. To be in default without our consent reflects dishonor upon them. This would affect acutely their whole industrial fabric and might bring an utter collapse. This would add greatly to our distress and trouble. We are giving this moratorium on the same theory that an individual gives an extension of time to a debtor who is unable to pay his debt when due, but hopes to do it in the future. Instead of losing what is now due, we hope to get it in the future.

This is no debt cancellation. It is simply a postponement toward the payment of a debt that seems now in great danger of being lost entirely.

We can not force payment. There is no court that we can go into, if these nations refuse to pay, except the court of war; and we are not going to war to enforce the payment of money.

Much is said about the cancellation of foreign debts. That question is not involved in this proposition at all. I want to state briefly, however, my position.

I thought at the time, and I think so now, that we have canceled a greater portion of these debts than we really should. Then was the time to complain of cancellation, not now. I am utterly opposed to any further cancellation of them, at least until after the disarmament conference meets and acts. The nations of the world engaging in that conference should be given to understand clearly and distinctly that this Government will not consider at all any further cancellation of debts until after the completion of the conference. If this conference makes definite and substantial advance along the line of curtailing armaments, then we may give further consideration to the question of a further cancellation of foreign governmental indebtedness, but under no other circumstances or conditions whatever. Not even then do I commit myself to a policy of further cancellation.

I want to say further that the vote I shall cast on this proposition will not affect in the slightest degree my vote upon the question of further cash payment of the balance of the bonus. I do not consider the two questions related in any way.

The PRESIDENT pro tempore. The joint resolution is still on its second reading and open to amendment.

Mr. NORRIS. Mr. President, from the statement of the Chair I judge that there is no pending amendment.

The PRESIDENT pro tempore. There are two amendments printed and lying on the table.

Mr. NORRIS. My understanding was—I may be wrong about that—that my colleague [Mr. HOWELL] had offered

an amendment, and that it was pending. I simply now want to know what the facts are.

The PRESIDENT pro tempore. According to the RECORD, the junior Senator from Nebraska [Mr. HOWELL] offered an amendment which he asked to go over. The Chair understood, at the time the Senator offered it, that he wished to have it immediately considered; but afterwards it developed that he did not. Therefore it was printed, and is lying on the table and may be presented at any time.

The joint resolution is on its second reading and open to amendment.

Mr. FRAZIER. Mr. President, I want to say just a word of explanation of my stand on this joint resolution.

I was out in the northwestern part of North Dakota at the time I received the telegram from President Hoover, which was dated June 24. The telegram reached me on the 26th of June, and I replied on the same date. I desire to read the telegram I sent:

I have been out for two weeks in the drought-stricken counties of this State. Conditions are most deplorable, and assistance must be had. Conditions of farmers everywhere are mighty bad. I believe that a moratorium for all farmers is absolutely necessary; and if that can be provided for I will gladly vote for a moratorium for intergovernmental debts.

Mr. President, my colleague [Mr. NYE] this afternoon offered an amendment to this joint resolution which would provide for the granting to the farmers who have loans under the Federal farm land banks the same privilege for the same length of time as the moratorium provided by this joint resolution gives to our foreign debtors. If that amendment can be adopted, I shall be glad to vote for the joint resolution.

Mr. President, there is no question about the hard conditions of the foreign countries; but we have hard conditions here in our own country. If there is anyone who is in a harder situation or harder up than the farmers of these drought-stricken counties out in the middle Northwest, I do not know who he is; and God pity him if he is in any worse condition than those drought-stricken farmers are. Many of those farmers have been foreclosed on during the past few months by the Federal farm land bank of that district.

I have in my office a county paper—the official paper of the county—giving advertisements of nine foreclosures by the Federal farm land bank in that one county at one time. Some of those seemed so unjust that an appeal was taken to the local district judges, asking that these loans be held up and foreclosure be made through the courts; and in six instances out of the nine the injunction was granted by the local judges.

Mr. President, I believe that our own people should be taken care of in preference to the people of foreign nations. The Government should look after the interests of its own people. Under the present existing conditions, with some eight or ten million men and women out of employment, many of them and their families depending upon charity, and in some instances going hungry; with thousands of farmers who have been foreclosed on and put out of business, yes, hundreds of thousands of them; with the farmers throughout the Nation having been forced this year to sell their products below the cost of production, thus making it impossible for them to meet their expenses or to pay installments on loans, it seems to me it is the duty of Congress to take thought and pass legislation for the benefit of our own people before considering the welfare of foreign countries.

For that reason, unless, as I stated in my telegram and have previously stated, provision can first be made for taking care of our own people, I shall vote against this joint resolution.

Mr. NORRIS. Mr. President, my colleague [Mr. HOWELL] has been taken suddenly ill. On his behalf, unless some one else desires to speak on the general subject of the joint resolution before any amendment is offered, I desire to offer the amendment which I send to the clerk's desk.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. The senior Senator from Nebraska offers, on behalf of his colleague [Mr. HOWELL], the following amendment:

On page 2, line 24, after "United States" insert a semicolon and the following: "nor shall such agreement be made with any government until it shall have effectively assented, in a form and manner satisfactory to the President, to the reformation of the Versailles treaty, including the return to the German Government of its former but now mandated colonies."

The PRESIDENT pro tempore. The question is upon the amendment proposed by the junior Senator from Nebraska [Mr. HOWELL].

Mr. NORRIS. Mr. President, the proposed amendment will come at the bottom of page 2.

I regret very much that my colleague himself can not be present to make the argument which he would be prepared to make if he were able to remain in the Chamber.

The principal object sought by this amendment is the reformation of the Versailles treaty. I believe it is generally conceded by the civilized world that the Versailles treaty will sooner or later have to be reformed.

Is it not a good thing, Mr. President, when we are proposing to these nations a moratorium, that we should include in the proposition the condition that in order to get the extension of time we are giving them here, we should ask them to agree to a reformation of the Versailles treaty? In this particular amendment my colleague has provided that the reformation of the treaty shall include the return to the German Government of its former but now mandated colonies.

This particular provision, as I understand it, is put in for the reason that my colleague [Mr. HOWELL], in the preparation of this amendment, was moved with a desire to bring about the permanent peace of the world as far as it could be brought about by the reformation of this treaty, and he believes—and I do not see how his belief can be successfully criticized—that until the colonies of Germany are restored to Germany, there never can be a permanent peace.

He is perhaps thinking of the difficulty which has arisen in years past between Germany and France over Alsace and Lorraine. We can not arbitrarily take from one government part of its domain, part of the country over which it rules, and give it to another, and expect it to be forgotten. Human nature is the same everywhere, it is the same in all nationalities. While by power, by pure force, some of its territory may be taken from one government and given to another, a bitter feeling will still slumber. The mothers will teach their children hatred of the other government. There is nothing so bad for the civilization of the world as the inculcating in the hearts of growing men and women of a hatred, and the hatred that is taught at the mother's knee will last during lifetime, however long that may be. It will be perpetuated and carried on to the children who are yet unborn, who eventually will become the leaders and the rulers of the various governments of the world.

It is the theory, in putting in this language, that as long as we tear asunder the parts which make up a great empire or a great country, the hatred engendered will never die, that it will always be there. It may be a hundred years, but eventually it will break out, eventually it will come to the surface. In the meantime there can be no such thing as the necessary friendly feeling between the nations which brings about and perpetuates peace between them.

Mr. President, it seems to me there are some other things that ought to be said which do not apply directly to this amendment. There is no question about the amendment having a very high, noble object. It may not appeal to all Senators as it does to me or as it does to my colleague, but I believe that it is one of the things which must be brought about eventually in order to make this world safe for democracy. Perhaps it is not the only thing. But we can not by law, we can not by force of arms, change human nature. People may be conquered, people may be held in subjection by military force, but human nature will remain the same through all time.

The President in his message has referred to some of the difficulties in regard to peace. One of them is the dis-

armament question, and I want to read what President Hoover has said:

The burden of taxes to support armaments is greater to-day than before the Great War, and the economic instability of the world is definitely due in part to this cause and the fears which these huge armaments at all times create.

That has not anything directly to do with this particular amendment, but it does throw light upon one of the things the President had in view. It seems to me it shows conclusively that, in making this proposal for a moratorium, the President should have attached a condition on the armament question. He says, and he says truly:

The burden of taxes to support armaments is greater to-day than before the Great War.

That applies to the entire civilized world, ourselves included. More money is being spent for armaments, in preparation for war, than was ever spent before the Great War, which we fought to make the world safe against just such thing. Yet the burden is greater.

As long as the President initiated the question of armaments, I believe that, if he wanted disarmament and desired to get something for the peace of the world, and particularly for our own country, he ought to have said, "We will give this extension on condition that you stop using your funds in armaments, in the building of navies, and the equipment of armies."

That, it seems to me, would have called the attention of the world to what he says in his statement here, which is true, that the world is spending more money now in preparation for war than it did before it fought the war to end war.

The civilized world is in a foolish position, for after having gone into the terrible struggle and turmoil and suffering of the greatest war in the history of civilization, when we entered into treaties like the Kellogg peace pact and other treaties, in the face of the fact that we fought a war to end war, in the face of the fact that we have treaties with all the nations of the world that we shall never be the aggressor in a war, it would have been very opportune for the President to have said to the world, "We will grant you this concession if you will stop spending your money foolishly in getting ready to fight us and the balance of the civilized nations."

It is a fact undisputed, I think, that if these nations had ceased their expenditure of public money for the purpose of preparing for war they would have had more than enough money to have paid what was due us on the 15th day of this month. If they had come with a proposition for the remission of even part of the debt—of any part of it or of all of it—with clean hands and had said, "If you will do us this favor in a financial way we will agree that armaments among the civilized nations of the world shall cease," we would have felt like extending this favor. The only practical way, it seems to me, in which we can give the world to understand that we are sincere in our treaties is to stop building warships and equipping large standing armies, especially at a time when the people of the world are bowed down in misery and starvation because there is not enough employment and not enough money to buy the food that is bursting the elevators and the storehouses—there is not enough money to pay for it in order to feed those who are starving.

The President says in another place in the same message:

I wish further to add that while this action has no bearing on the conference for limitation of land armaments to be held next February, inasmuch as the burden of competitive armaments has contributed to bring about this depression, we trust that by this evidence of our desire to assist we shall have contributed to the good will which is so necessary to the solution of this major question.

Again the President has said in this message that armaments stand in the way of peace, and although this has no bearing, why should it not have been put in such a way that it would have had a bearing—that it would have had a direct bearing? The idea of the President is that we should make this donation; that we should give, even before they have asked it, this extension of time for the payment of the money that was due on the 15th of December, in order to make the

other nations feel good when we meet them next February at a disarmament conference; in other words, do what we have been doing, do what we did during and after the war, take our money, the money of our taxpayers, and give it to others in order to buy their good will.

The Senator from California read the list of the nations who owe us money and who are going to get the benefit of this unasked-for favor if we pass this joint resolution. The proposition now is for us to give them this in order that there will be good will next February when we meet them in conference to get disarmament.

If we will give them some money, they will feel good and perhaps agree, in the President's judgment, in the disarmament conference to a lessening of the expenditure of public money for armaments. It would have been much better if this extension, especially when we grant it without having been asked to grant it, had been offered upon condition that there should be a reduction of armaments.

The Senator from California read the list, to which I referred a moment ago, of a large number of nations to whom we had loaned money. Little Liberia, over in Africa, which never had a soldier or a warship, declared war against Germany and got money from our Treasury. Countries in South America declared war against Germany and got money from us. So, almost all over the world, any little nation which would declare war against Germany could hold out its hand and we would grease the palm with millions of money which belonged to our people.

We had to borrow every dollar of that money. We have been paying interest on it ever since. Any nation which wanted to declare war against Germany could come to our Treasury and get what money they wanted. I do not suppose Germany found out even that some of those nations had ever declared war against her. Nobody knew that many of them did. They had no navy; they had no army; but they wanted some money, and Uncle Sam, it seems, was looked to from all over the world to hand out money. He did it regularly, amounting not alone to millions but to billions—and many billions of dollars. That money was expended in order to array some more nations against Germany in the Great War. I do not even know whether those nations have ever gone through the formality of entering into a treaty of peace with Germany. As I said, they have forgotten it now, and Germany probably never knew it. It had nothing to do with the war and made no difference in the war. The only thing was that they got some of Uncle Sam's money.

The point to which I desire to call attention is that our people in toil and in sweat for the last 10 or 12 years have been working, now under adverse circumstances, to pay the interest on the money that our Government borrowed in order to make these loans. To many of the other nations the loans were greater. They used the money in the war and probably did a great deal of good with it. But when the war was over they all started again in a world-wide race to beat each other in the building of war vessels and land armaments, in the enlisting and drafting of standing armies all over the world greater than had ever before existed. They are doing that now. The real effect of it is that our people in the United States are paying for the support of the armies and navies in those countries to which we have loaned money. We are paying the bill. It is our money. We had to borrow it when we got it. We are going to be paying taxes and interest on it during the lives of many people not yet born. We will continue to pay those taxes.

Now we have reached the point where our people are suffering from hardships, where millions of our people are starving, where millions of little children are shivering with cold, innocent though they are of any harm, because their parents are not able to get employment, are not able to pay for the support of those who are dependent upon them. Instead of looking after their wants, instead of using this money to make public improvements that would give jobs to hundreds and millions of men and women, we are asking even our creditors in Europe not to pay us anything.

They have not asked for it, but we say to them in effect, "We will let our children starve, our men and women suffer who are out of employment and who can not get enough to live on. We will not take your money," we say to these other nations. What are they going to do with it? They are going to build warships and build up their standing armies, using the money for the purpose of equipping their armies with armaments. That is what they are doing with it, and we close our eyes to the suffering in our own country in order that we may induce those nations across the ocean to use the money, that our suffering people ought to have, for the purpose of getting ready for another world war.

Mr. President, I think all of this applies directly to my colleague's amendment. I know that those who favor the moratorium or those who are trying to crash it through by the steam-roller process will say, "We must not amend the resolution. We must not dot an 'i' or cross a 't' in it. We must not send it back with an amendment to the House of Representatives, otherwise the plan for adjournment might be interfered with." Perhaps it would be interfered with. Perhaps that would be the result. But that would be a good thing for us, I believe. If we amend the joint resolution and it can not be approved to-day by the House of Representatives and our adjournment resolution has to be changed and we have to stay here, what is the difference? Would it not be better to try to do something in the first place for world peace as this kind of an amendment would do?

In the next place, it would give some encouragement and succor, while we are here even during the holidays, to those of our own people who are suffering now more than they have ever suffered in the history of the country.

Mr. President, when we reach a vote I shall ask for a roll call on behalf of my colleague on his amendment.

Mr. SMOOT. Mr. President, I ask that the statement of Hon. Ogden L. Mills before the Finance Committee upon the question now before the Senate be printed at this point in the RECORD.

Mr. JOHNSON. Does the Senator ask that it be printed now?

Mr. SMOOT. Yes.

Mr. JOHNSON. Why not wait until we are all through?

Mr. SMOOT. It will not make any difference.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from California object?

Mr. JOHNSON. Oh, no; I do not object.

The PRESIDING OFFICER. Without objection, the request of the Senator from Utah is granted.

The statement is as follows:

POSTPONEMENT OF INTERGOVERNMENTAL DEBTS

UNITED STATES SENATE,

COMMITTEE ON FINANCE,

Washington, D. C., December 16, 1931.

The committee met at 10.30 o'clock a. m., pursuant to call of the chairman, in the committee room, Capitol, Senator REED SMOOT (chairman) presiding.

Present: Senators SMOOT, WATSON, REED, SHORTRIDGE, COUZENS, KEYES, BINGHAM, LA FOLLETTE, THOMAS of Idaho, JONES, METCALF, HARRISON, KING, GEORGE, WALSH of Massachusetts, BARKLEY, CONNALLY, GORE, COSTIGAN, and HULL.

The CHAIRMAN. The committee will be in order. We will hear Under Secretary Mills. As I stated, each Senator will find a copy of the joint resolution on his desk.

STATEMENT OF HON. OGDEN L. MILLS, THE UNDER SECRETARY OF THE TREASURY

Under Secretary MILLS. Mr. Chairman and gentlemen of the committee, I want to begin by offering for the record a statement made by the President of the United States on June 20, 1931. Of course, all of you gentlemen have read the statement. I think it may be desirable to refresh your recollection by reading it. I am omitting the names of those Senators and Representatives who at that time had already signified their approval of the proposal. [Reading:]

"The American Government proposes the postponement during one year of all payments on intergovernmental debts, reparations, and relief debts, both principal and interest, of course, not including obligations of governments held by private parties. Subject to confirmation by Congress, the American Government will postpone all payments upon the debts of foreign governments to the American Government payable during the fiscal year begin-

ning July 1 next, conditional on a like postponement for one year of all payments on intergovernmental debts owing the important creditor powers.

"The purpose of this action is to give the forthcoming year to the economic recovery of the world and to help free the recuperative forces already in motion in the United States from retarding influences from abroad.

"The world-wide depression has affected the countries of Europe more severely than our own. Some of these countries are feeling to a certain extent the drain of this depression on national economy. The fabric of intergovernmental debts, supportable in normal times, weighs heavily in the midst of this depression.

"From a variety of causes arising out of the depression such as the fall in the price of foreign commodities and the lack of confidence in economic and political stability abroad there is an abnormal movement of gold into the United States which is lowering the credit stability of many foreign countries. These and the other difficulties abroad diminish buying power for our exports and in a measure are the cause of our continued unemployment and continued lower prices to our farmers.

"Wise and timely action should contribute to relieve the pressure of these adverse forces in foreign countries and should assist in the reestablishment of confidence, thus forwarding political peace and economic stability in the world.

"Authority of the President to deal with this problem is limited as this action must be supported by the Congress. It has been assured the cordial support of leading members of both parties in the Senate and the House. The essence of this proposition is to give time to permit debtor governments to recover their national prosperity. I am suggesting to the American people that they be wise creditors in their own interest and be good neighbors.

"I wish to take this occasion also to frankly state my views upon our relations to German reparations and the debts owed to us by the allied governments of Europe. Our Government has not been a party to, or exerted any voice in determination of, reparation obligations. We purposely did not participate in either general reparations or the division of colonies or property. The repayment of debts due to us from the Allies for the advances for war and reconstruction was settled upon a basis not contingent upon German reparations or related thereto. Therefore, reparations is necessarily wholly a European problem with which we have no relation.

"I do not approve in any remote sense of the cancellation of the debts to us. World confidence would not be enhanced by such action. None of our debtor nations has ever suggested it. But as the basis of the settlement of these debts was the capacity under normal conditions of the debtor to pay, we should be consistent with our own policies and principles if we take into account the abnormal situation now existing in the world. I am sure the American people have no desire to attempt to extract any sum beyond the capacity of any debtor to pay and it is our view that broad vision requires that our Government should recognize the situation as it exists.

"This course of action is entirely consistent with the policy which we have hitherto pursued. We are not involved in the discussion of strictly European problems, of which the payment of German reparations is one. It represents our willingness to make a contribution to the early restoration of world prosperity in which our own people have so deep an interest.

"I wish further to add that while this action has no bearing on the conference for limitation of land armaments to be held next February, inasmuch as the burden of competitive armaments has contributed to bring about this depression, we trust that by this evidence of our desire to assist we shall have contributed to the good will which is so necessary in the solution of this major question."

I now offer, Mr. Chairman, a list of the countries involved, so far as we are concerned, in the suspension of payments, and the amounts due to the United States Government from those countries during the fiscal year 1932, ending June 30, 1932.

The CHAIRMAN. It may be placed in the record.

(The statement referred to is printed in full, as follows:)

Amounts payable during the fiscal year 1932 by foreign governments on account of their indebtedness

Country	Principal	Interest	Total
Austria	\$287,556		\$287,556
Belgium	4,200,000	\$3,750,000	7,950,000
Czechoslovakia	3,000,000		3,000,000
Estonia	108,012	492,360	600,372
Finland	55,000	257,295	312,295
France	11,363,500	38,636,500	50,000,000
Great Britain	28,000,000	131,520,000	159,520,000
Greece	660,000	449,080	1,109,080
Hungary	12,270	57,072	69,342
Italy	12,200,000	2,506,125	14,706,125
Latvia	44,664	205,089	250,653
Lithuania	38,615	185,930	224,545
Poland	1,225,000	6,161,835	7,486,835
Rumania	800,000		800,000
Yugoslavia	250,000		250,000
Total	62,344,617	184,222,186	246,566,803
Germany, Army costs	6,000,000		6,000,000
Total	68,344,617	184,222,186	252,566,803

Dec. 15, 1931.

Senator HARRISON. What is the aggregate amount, Mr. Secretary? Under Secretary MILLS. The aggregate amount is \$252,000,000 and some odd thousands of dollars.

Senator GORE. I want to ask Mr. Mills if he will insert into the record at this point the joint statement signed by the President and Premier Laval?

Under Secretary MILLS. I will be very glad to do that.

The CHAIRMAN. Do you want it read, Senator?

Senator GORE. No; just insert it.

The CHAIRMAN. I suppose all of us have read it.

Senator HARRISON. Yes; but I think it is clearer than the President's statement.

Under Secretary MILLS. I think the President's statement is very clear, Senator. And that is one thing I want to emphasize.

Senator GORE. In view of the conflict between the statement just read and that statement, I would like to have it in the record at this point to compare it.

Senator BINGHAM. May I ask the Senator from Oklahoma what the point is? Just what is the point at issue there?

Senator GORE. The joint statement issued by President Hoover and Premier Laval.

Senator BINGHAM. Yes; I understand that, but what is the point?

Senator GORE. There was an inference that there was a joint agreement on the reparations and the international debt; that they constitute a departure from our policy; and I think it should be stated at this place so that the people may compare them.

The CHAIRMAN. It may be inserted in the record.

[The joint statement referred to is here printed in full, as follows:]

OCTOBER 25, 1931.

A JOINT STATEMENT BY THE PRESIDENT OF THE UNITED STATES AND THE PRESIDENT OF THE COUNCIL OF MINISTERS OF FRANCE

"The traditional friendship between the United States and France, the absence of all controversy between our two Governments, a record of many events in collaboration toward peace of the world, embracing among its recent phases the adoption of the Kellogg-Briand pact, render it possible and opportune for the representatives of our governments to explore every aspect of the many problems in which we are mutually interested.

"Indeed, the duty of statesmen is not to overlook any means of practical cooperation for the common good. This is particularly true at a time when the world looks for leadership in relief from a depression which reaches into countless homes in every land. Relations of mutual confidence between governments have the most important bearing upon speeding the recovery which we seek. We have engaged upon that mission with entire frankness. We have made real progress.

"We canvassed the economic situation in the world, the trends in international relations bearing upon it; the problems of the forthcoming conference for limitation and reduction of armaments; the effect of the depression on payments under intergovernmental debts; the stabilization of international exchanges and other financial and economic subjects.

"An informal and cordial discussion has served to outline with greater precision the nature of the problems. It has not been the purpose of either of us to engage in commitments binding our Governments, but rather, through development of fact, to enable each country to act more effectively in its own field.

"It is our joint purpose that the conference for limitation of armaments will not fail to take advantage of the great opportunity which presents itself, and that it will be capable of meeting what is in reality its true mission; that is, the organization on a firm foundation of permanent peace. In so far as intergovernmental obligations are concerned, we recognize that prior to the expiration of the Hoover year of postponement some agreement regarding them may be necessary covering the period of business depression as to the terms and conditions of which the two Governments make all reservations. The initiative in this matter should be taken at an early date by the European powers principally concerned within the framework of the agreements existing prior to July 1, 1931.

"Our especial emphasis has been upon the more-important means through which the efforts of our Governments could be exerted toward restoration of economic stability and confidence. Particularly are we convinced of the importance of monetary stability as an essential factor in the restoration of normal economic life in the world, in which the maintenance of the gold standard in France and the United States will serve as a major influence.

"It is our intent to continue to study methods for the maintenance of stability in international exchanges.

"While in the short time at our disposal it has not been possible to formulate definite programs, we find that we view the nature of these financial and economic problems in the same light and that this understanding on our part should serve to pave the way for helpful action by our respective Governments."

Senator REED. Mr. Chairman, would it not be better to let the Under Secretary proceed with his statement without interruption, and then afterwards propound any questions?

The CHAIRMAN. Yes.

Senator COUZENS. I want to ask this question: If there was any representation to the matter of 10 payments, instead of a year's moratorium?

Under Secretary MILLS. No, Senator COUZENS; the original proposition was to postpone the 1932 payments to 1933. And if you visualize these payments as a ladder, what we proposed to do was to lift the ladder up so that 1932 would fall in 1933.

Now, the French objected very strenuously to that procedure, and after long negotiations it was agreed that the earlier proposition should not be used but that the postponed payments should be paid over a 10-year period, rather than in 1933.

Senator REED. In other words, we get our money sooner as it now stands than under the President's original proposition?

Under Secretary MILLS. Absolutely so.

Senator COUZENS. Then I insist that the President's moratorium statement does not apply to the 10-year period. My understanding is that the moratorium payments, if there is an extension of payments, will be made in the following year. That is the general understanding, I understood, of those who agreed with the President at the time of the statement.

Under Secretary MILLS. Well, it is always dangerous to rely on your memory, but I think in all of the conversations which I had with Members of the Senate and of the House I explained very clearly the thing we had in mind, and I used the latter illustration at that time.

Senator COUZENS. It is not in the President's statement.

Under Secretary MILLS. No; it is not. But the bill now before you provides that the payments shall be made in 10 years, with 4 per cent.

Senator LA FOLLETTE. Mr. Mills, may I ask you if you have a copy of the telegram which was sent to the Members of Congress who were not in Washington at that time?

Under Secretary MILLS. No; I have not, Senator.

Senator LA FOLLETTE. Could you get a copy of that and put it in?

Senator COUZENS. I would like to ask Mr. Mills what is his idea of the moratorium?

Under Secretary MILLS. As it stands now?

Senator COUZENS. Assuming that the controversy with France had not arisen, what would be the Secretary's idea about the 1-year moratorium?

Under Secretary MILLS. If we had not had an understanding with France?

Senator COUZENS. Supposing there was no agreement with France, what would be the Secretary's idea of the 1-year moratorium?

Under Secretary MILLS. Well, of course, when you say payments shall not be made now, the question at once arises, when shall they be paid? That is, I suggest, a matter of understanding with our debtors. As I said, the idea was that the international government payments should be pushed forward one year; that is, 1932 should be pushed forward to 1933; 1933 should be pushed forward to 1934, and so on. Now, France, one of our debtor nations, disagreed with that and insisted that all payments should be repaid over a 10-year period. And that is the proposition which was accepted by all creditor governments who signed the London protocol, and that is the understanding now before the Congress of the United States.

Senator KING. Mr. Mills, if I owed a private individual an obligation which matured on the 1st of January of this coming year and I asked for a moratorium for one year, would not the general impression be that I would pay the debt then and not try to extend it out over a 10-year period?

Under Secretary MILLS. Well, I think you have got to apply the rule of reason. If the world as a whole could not meet these obligations in the year 1932, it is very obvious that you are giving them no relief by doubling them in 1933. In other words, suspend the payment in 1932 to the extent of \$252,000,000, and then ask them to pay \$500,000,000 in 1933 would be no relief at all. That would be a preposterous situation.

Senator SHORTRIDGE. Mr. Chairman, I suggest, with due respect to the members, that Mr. Mills be permitted to proceed, rather than to engage in a cross fire of questions.

Senator HARRISON. This is one of the most interesting propositions to settle.

Senator COUZENS. I think this is one of the important matters to settle, and I think it should be discussed as we go along, because, as I understand, it was the understanding of the Members of Congress that this payment should be suspended for one year; and I submit there is nothing in the President's statement which gives any other implication.

Under Secretary MILLS. I just want to say on that, and I can say with absolute certainty, Senator COUZENS, with due respect, I participated in many of the interviews which the President had with many of the Members of both Houses who were in Washington; and I telephoned personally to many Members of the House, and I believe to some of the Members of the Senate, and at no time was it remotely suggested that the payments due in 1932 should be paid in 1933. I never entertained such a notion, and no one suggested such a notion, and I say it would have been a preposterous notion.

Senator COUZENS. Mr. Secretary, if it was a preposterous situation, would it not be time enough to take it up when the time arrives? In other words, I do not want to go into a personal conversation I had with the President, but I want to say that at no time was any suggestion ever made to me that this 1932 payment, or the payment for that period, should be extended beyond a year.

Under Secretary MILLS. Well, as a matter of fact, I think that the matter was pretty well left open, Senator, and the only suggestion that I ever heard made was that everything should be pushed forward one year, until after the negotiations with the French and the 10-year proposal was agreed upon.

Senator CONNALLY. I do not want to interrupt the Secretary, but may I ask a question?

Under Secretary MILLS. Certainly, Senator.

Senator CONNALLY. And your idea is that the whole payments should be pushed forward one year.

Under Secretary MILLS. That is my idea.

Senator CONNALLY. And the 10 were installment payments proposed by the French, and the reason was that France did not want to jeopardize her reparations payments from Germany?

Under Secretary MILLS. Exactly. France wanted to maintain the legal status of her annuities which she gets. She would not enter into the negotiations unless that was assured. She was absolutely determined that the legal status of her annuities should be maintained, and they devised a method by which the legal status could be maintained by having the German Government pay the annuity to the Bank for International Settlements, and that would be at once released to the German railroads. So that this year the annuity payments are being actually made, and they are being at once returned to Germany. So it is a wash transaction and no drain on Germany.

Senator CONNALLY. In that connection, while the President says the reparations are none of our concern, do we not become involved in those discussions between Germany and France?

Under Secretary MILLS. I do not think we do.

Senator CONNALLY. And have we not made our withholding demand for payment conditional on France granting leeway to Germany in the reparations?

Under Secretary MILLS. Senator, that is one of the phases I wanted to develop in discussing this whole proposition.

Senator CONNALLY. I beg your pardon.

Under Secretary MILLS. I think we, in order to understand the position in which this whole proposition has brought us, must not attack it solely from the standpoint of an uncollected bill or deal with it merely from the technical and legal standpoint of intergovernmental problems, whether they be reparations or intergovernmental debts. If our conception of the matter was correct—and before I get through I want to give you the situation in which we were placed—in order to save what we thought was a world catastrophe, it became necessary to relieve all debtors from international debts during that period, and for that reason it became immaterial whether it was war debts, or relief debts, or relief loans, which the British were treating as a debt, and which generally bear 5 per cent interest, and which are being paid 100 cents on the dollar. We merged our relief debts with our war debts. The British did not. It was found that it was immaterial as to how those debts arose; and they arose in all manner of ways. For instance, the Bulgarian obligations with Greece arose from the transfer of populations long after the war.

If the oppression of the debts was to be lifted from the backs of those nations, then we had to find some comprehensive plan which would include them all. And if the United States was the only nation which was in a position to make the proposal, if we were to take the initiative at the time, and I think we were, then the United States, in order to propose such a formula, had to include itself and say:

"We are willing, as a contribution to saving the world credit and saving the world from economic disaster—we are willing to forego for the time being the obligations that we might collect from foreign governments during this period."

Now, gentlemen, the course of events which started, I think we can say with reasonable definiteness, at the end of May, though, of course, their antecedents run away back to the World War, represent a continuous series which culminated last Sunday when Japan went off the gold basis. And that series is still flowing onward, and the termination of it is not in sight; but right in the center of the picture were the German people. They were the principal factors in this situation. A nation of 60,000,000 people situated in the heart of Europe, stripped of their economic wealth by the war, totally devoid by reason of the war and the invasion which followed of all working capital; no fat whatsoever to live off of; suffering, as was the rest of the world, from this profound depression, but with nothing to fall back on. They are the people whose condition we must study if we want to understand this picture.

Now, German economy after the adoption of the Dawes plan came back with reasonable rapidity. They are a hard-working, industrious, and intelligent people. They were lacking, of course, entirely in capital. Any funds obtained from abroad are in short-term loans and long-time credits. These short-term credits could be turned over as they fell due, and the German people believed they could use them, not only to finance export trade but to finance their industry at home. But with some 10,000,000,000 marks of short-term loans Germany was particularly vulnerable to this kind of depression, and particularly vulnerable once fear crept into men's minds.

Now, in May last the Credit-Anstalt, the principal banking institution in Austria, which controlled or owned a considerable percentage of the Austrian industries, got into such financial difficulties that the Austrian Government had to replace its credit and agree to replenish its capital. The Credit-Anstalt Bank was obliged to turn to other centers in Europe and borrow \$14,000,000. Suspicion and fear, because it has been looked upon as one of the strongest banks in southern Europe, crept into the people. And that mistrust and fear crept into Germany.

Now, all during the winter of 1931 German economy had been deteriorating—slowly, but still deteriorating.

Senator WATSON. The winter of 1930.

Under Secretary MILLS. No; of 1931.

Senator WATSON. That is, now.

Under Secretary MILLS. In fact, nearly all of Germany's foreign creditors were beginning to lose faith in Germany. It had not reached the panic stage, but withdrawals were beginning and kept on all during the winter. In fact, Germany lost, from January 1 to July 31, no less than \$850,000,000 short-term funds, which represented the capital on which German industries were being operated.

Now, then, as early as June 1 it was clearly evident, from the reports which were received from abroad, that a run had begun on Germany. It was a slow run, but it was unmistakably a run.

On June 6, by decree, the President of the German Republic imposed new and very severe taxes. In order to bolster up German courage and fortitude to bear these additional burdens, and certainly for home consumption, a statement was issued at that time that Germany had to have relief from reparations, and that the capacity of the German people to bear further burdens had definitely reached a limit. Whatever effect that had at home in Germany, the effect on Germany's foreign creditors was immediate. What had been a slow run prior to June 6 developed into a very rapid run, indeed, from June 6 on. The withdrawal of foreign funds from June 1 to June 20 resulted in a reduction of the gold and foreign exchange held by the Reichsbank, which formed its basic reserve, of over 1,000,000,000 reichsmarks, or approximately \$250,000,000. This represented approximately two-fifths of the bank's total reserve in gold and foreign exchange. On Friday, June 19, and Saturday, June 20, the withdrawals were so heavy that the reserve of the Reichsbank reached its legal minimum, and it was perfectly obvious that unless these withdrawals should be arrested either the legal limit would have to be set aside on Monday morning, which would have given only temporary relief, or else Germany would have to go off the gold standard on Monday morning, which, as I shall later describe, would have resulted in having literally engulfed Germany in very serious social and economic consequences.

Now, mind you, we sat here from June 6 to the evening of Friday, June 19, watching this run on this great Nation, which was comparable to a run on a great bank, with the reserves gradually being depleted, until it was perfectly obvious by Friday and Saturday that the end was at hand. And it was clear, after the President began, on Friday morning, to lay this situation before the Members of both Houses who could be reached—it was clear that each and every man before whom these facts were laid had said unqualifiedly, "There is only one thing for you to do, Mr. President"—and by noon on Saturday he definitely decided to issue that statement. You may remember that he had been west three days and it was impossible to lay the desperate character of this situation before him until he returned late Thursday, and he began seeing Members of Congress by 9 o'clock on Friday morning.

Now, I may say that probably as early as the 12th or 13th, men like Mr. Owen Young, Mr. Parker Gilbert, who had spent four years in Germany and was thoroughly familiar with German economy, Governor Harrison of the Federal Reserve Bank of New York, who has an intimate knowledge, of course, of situations of this kind, had all reached the conclusion that something had to be done. But the President himself did not definitely reach a conclusion until Saturday, June 20.

Now, then; was that action justifiable? I am perfectly confident that no other action could have been taken on June 20, and I am equally satisfied that every event that has followed has simply confirmed and demonstrated the wisdom and judgment used on that occasion. For while all of the high purposes which were entertained on that Saturday afternoon have not been realized, owing to a delay, or extensions, or some other reason not necessary to speculate upon, at least we did avert a major catastrophe. When the markets closed on Saturday, June 20, Germany was on the verge of collapse. When the markets opened on Monday, June 22, the run on Germany had ceased. How important that was to the world was at once evident by the fact that security and commodity prices the world over raised to such an extent that if we had only been able to hold that gain, why, this little temporary loss of \$252,000,000 would have sunk into insignificance, so far as the American people were concerned. But there was a long delay. The final proposition was not accepted until July 6, and, pending that delay, this run which had been arrested on Germany was resumed.

Already, three days before June 20, the Bank of England, acting on its own initiative, because help apparently could not come from elsewhere, had advanced \$21,000,000 to Austria to, as Governor Norman put it, save the ship from sinking.

Now, then, will you bear with me while I very briefly develop the events subsequent to the President's proposal? On July 12 the German Cabinet, after an almost continuous all-night session, issued a communique that since there was no definite prospect of foreign credit the Government would guarantee the liabilities of the two leading banks.

On July 13 the Darmstadter und National Bank closed its doors. The German Government guaranteed its deposits. Those deposits and liabilities were stated to be 1,500,000,000 reichsmarks, of which 450,000,000 reichsmarks were foreign obligations. Other German banks limited withdrawals to 20 per cent of deposits. The Government closed the Berlin exchanges.

On July 14 all banks, including savings banks, were closed in Germany by Government decree. The Budapest bourse was closed.

A 3-day bank holiday was declared in Hungary. The Mercer Bank of Vienna, the Banca Dacia, of Jassy, Rumania, and two Latvian banks had failed. Banks in Danzig limited withdrawals to a maximum of 10 per cent of deposits.

On July 15 the Reichsbank raised its rate from 7 per cent to 10 per cent and the "Lombard" rate from 8 per cent to 12 per cent, and all foreign-exchange transactions were brought under the control of the Reichsbank. All Danzig banks were closed until July 17. That same day the British Government invited the principal creditor governments of the European powers to attend a conference in London on July 20. From July 20 to July 23 that conference met in London, and they recommended that the Central Bank credit of \$100,000,000 recently granted to the Reichsbank under the auspices of the Bank for International Settlements be renewed at maturity for a period of three months; that concerted measures should be taken by the financial institutions in the different countries with a view to maintaining the volume of credits they had already extended to Germany; and, third, that the Bank for International Settlements should be invited to set up without delay a committee of representatives nominated by the governors of the central banks interested to inquire into the immediate future credit needs of Germany and to study the possibilities of converting a portion of the short-term credits into long-term credits.

On August 18 the committee which had been appointed by the Bank for International Settlements, known as the Wiggin committee, made its report, stating definitely its conclusions and stated that it was necessary:

(1) That the existing volume of Germany's foreign credits should be maintained; and

(2) That part, at all events, of the capital which had been withdrawn should be replaced from foreign sources. The committee also urged that all the governments concerned "lose no time in taking the necessary measures for bringing about such conditions as will allow financial operations to bring to Germany—and thereby to the world—sorely needed assistance."

Now, what I want to point out to you is that when prime ministers, foreign secretaries, and secretaries of the treasury met in London, presumably with their experts, they reached the conclusion that it was absolutely essential, if Germany was to live, that her short-term credit position should be maintained; and that when the Wiggin committee experts met, a few weeks later, they said not only must Germany have every bit of the short-term foreign credit available, but a part at least of the long-term credit must be returned to Germany if she is to live. And it is as a result of the recommendations of the London conference, of the Wiggin committee, of all the bankers—the great commercial bankers of this country, of London, of Amsterdam, and France, agreed that these short-term credits would be maintained for a period of at least six months, and they would then meet and reconsider the situation. Read the Wiggin report. I think it is unnecessary, Mr. Chairman, to insert in the hearings. It is some 12 pages long. It is printed as an appendix to the hearings held by the House Ways and Means Committee, and is available there.

The CHAIRMAN. It will not take much space, and I would suggest that it be printed in these hearings. It is printed there as an appendix?

Under Secretary MILLS. It is, Mr. Chairman. It is long enough to interrupt the continuity of this statement.

The CHAIRMAN. It may be printed as an appendix, at the end of the Under Secretary's statement.

(The so-called Wiggin report appears at the end of to-day's proceedings.)

Senator WALSH. That 6-month period expires in January?

Under Secretary MILLS. In February.

Now, I emphasize this fact—and we have got to accept this fact and this responsibility as creditors: If to live Germany had to retain about 12,000,000,000 reichsmarks of credits outstanding; if they could not be withdrawn from Germany without producing a collapse—and you can not reach any other conclusion after reading the Wiggin report—how in the name of common sense could that nation find \$400,000,000 to be paid during this fiscal year?

Senator COUZENS. Do you mind an interruption there?

Under Secretary MILLS. No, sir.

Senator COUZENS. I would ask you what would be your opinion if Germany had gone off the gold standard, the same as England did?

Under Secretary MILLS. I am coming to that in a minute.

Now, I think it is unnecessary to review the weeks succeeding August 18, weeks in which hope and fear alternated. But the trend was still unfavorable. Pressures increased. Fear prevailed, and on September 21, with a shock to world credit such as this generation has never seen, Great Britain was forced off the gold standard. Since that date, Mr. Chairman, no less than 19 nations have been forced to abandon or restrict gold payments, and the world to-day is obliged to transact business with all the handicaps incident to widely fluctuating and uncertain media of exchange. So that, as I said a few moments ago, you can begin with the difficulties of the Credit-Anstalt, and you can carry the story right up to last Sunday, and if you set it out in the form of a daily diary, you will have a connected series of events, a continuous story starting in little Austria in May and ending in far-off Japan on the 13th of December. Could there be clearer or more conclusive evidence of the unity of the world, and particularly the economic world? Could there be clearer evidence that a catastrophe to one nation must necessarily fall, in varying degrees, on other nations of the earth? Could there be a more complete answer to the fallacy which still prevails in this country that somehow we

can rise superior to the misfortunes which fall on others, and that by complete isolation we can escape the misfortunes which fall on those who have not the economic resources which we have?

Why, Mr. Chairman, we did not escape. No sooner had England gone off the gold standard; no sooner had the inevitable happened; no sooner had those countries which were operating on the gold-exchange standard—which means you do not carry the actual metal as reserve, but you can carry the exchange of a country which is on a gold basis—no sooner had they realized that the foreign exchange might depreciate overnight because these countries went off the gold standard, that the central banks that had carried their balances in London, which, up to the night of September 20, were payable in gold, woke up on September 21 to find that their basic reserves had depreciated 15 per cent, a reduction which soon was increased to 25 per cent. They began to have doubts of the stability of the credits, and they began to revert to the carrying of gold in their vaults. And as they were carrying large reserves in New York for the purpose of putting those reserves to work and earning something, rather than carrying idle gold in the vaults, the central banks began to call for payment in dollars of gold.

At the same time depositors throughout the world who had seen their sterling balances reduced by 25 per cent almost overnight by a run on London, who had seen Germany brought to the very edge of the abyss by a run on Berlin, began to say, as the gold started out from New York, "History is going to repeat itself. Let us protect ourselves by withdrawing our dollar balances." It is wholly unnecessary to indulge, as some gentlemen have, in the idea that there was a conspiracy against us. It is sheer nonsense. There was no conspiracy.

Senator REED. Lord Rothermere did not exactly help us, did he?

Under Secretary MILLS. No. I make due allowance for the campaigns carried on in the foreign press against the dollar. I will make allowance for that, but I do not think it was the controlling factor, Senator REED. I think it was fear on the part of people carrying deposits in a foreign country. After their experience in Berlin and London, how can we blame the foreigner for withdrawing his balances when during that same period our own people were suffering from a lack of confidence and were withdrawing deposits from their own institutions in order to hoard currency, so that the hoarded currency in this country reached a figure of over one billion.

No, no, gentlemen. You can not start such a train of events anywhere in the world and hope to stand aside and let it brush by your doorstep without affecting you. That is why the action of the President on June 20 was not only essential to the welfare of the world but it was absolutely essential to the welfare of the people of this country.

Now, Senator COUZENS asks a very pertinent question. He said: "Supposing Germany did go off the gold standard, what of it? We have seen England go off the gold standard. We have seen Japan go off the gold standard." We have seen, as you say, 19 countries go off the gold standard, and the world is still here. It is not a particularly prosperous world, not a particularly happy world, but it is still here, still doing business, though on a very much reduced scale.

Senator, Germany was in a very particular and exceptional position. As I have already pointed out, neither her industries nor her foreign commerce was financed through her own capital. She was dependent, to keep her industrial mechanism functioning, on foreign credits of a short-term character. The day the Reichsbank said it would no longer pay gold on foreign exchange all the German banks and every German commercial house that had obligations payable either in dollars, sterling, or some other currency would find it almost impossible to meet those obligations, because foreign exchange would no longer be obtainable in adequate volume.

So that, leaving aside the inevitable run which would have been begun by German depositors themselves on their own banks, and which did actually result in the closing of one of the largest banks, and the closing of all the others by decree—leaving that out of consideration, the inability of German banks and the German business houses to meet their foreign obligations would have compelled a general moratorium almost at once.

Senator COUZENS. Why did not that occur when Great Britain went off the gold standard?

Under Secretary MILLS. If you will bear with me, I am going to differentiate the two cases. I recognize that it is a perfectly fair question. With a general moratorium declared—

Senator COUZENS. But you have gotten ahead of your story. There has been no general moratorium declared.

Under Secretary MILLS. I am saying what would have happened if they had gone off the gold standard.

Senator COUZENS. Is not that an assumption? I do not think you are quite justified in making that assumption.

Under Secretary MILLS. I think I am justified in making that assumption, on the basis that by Saturday they were below their legal limit. I am justified in that assumption, because we were informed by one of the most competent bankers in Europe on Monday morning that if the President had not made his statement on Sunday the Reichsbank would have closed business on Monday; and that was confirmed by a conversation which I had with one of the most competent bankers in France, and certainly when I talked to him, and we were still arguing with the French, he was not particularly interested in making out a case for the President's proposal.

The Reichsbank had reached its legal limit. Its reserves were melting away at the rate of millions of dollars a day. They would have entirely disappeared in the course of another week.

Senator COUZENS. But would they have done so if they had gone off the gold standard?

Under Secretary MILLS. No. What would have happened had the Reichsbank gone off the gold standard is that foreign exchange still held, and the gold still held by the Reichsbank, would have been in its vaults, but it would have been unobtainable. If you, a German bank, carrying a deposit of an American institution of \$10,000,000, payable in dollars, were called upon the next day to pay that \$10,000,000, you could not have obtained the dollars.

Senator COUZENS. Certainly. That is true.

Under Secretary MILLS. Therefore the German institution, unable to meet its foreign obligations—that applied to all German institutions, all German commercial houses. If, at the same time, they should have been subjected to a run by their own depositors they could not have met their obligations, either domestic or foreign, and the general moratorium must have followed.

Now, then, with a general moratorium, what happens? Every self-liquidating credit is allowed to run off. Let us consider Germany's foreign trade. How did she finance a very large foreign trade for the last eight or nine months? She has extended more liberal credit terms than anyone else. It has not just been a question of price. It has not just been a question of low cost because they have depreciated their standard of living as low as it is humanly possible to do so. It has been because they have given credit. How have they been enabled to give credit? Because they, in turn, were obtaining short-term foreign credit from abroad. Shut off that foreign credit and Germany would have been unable to finance her export trade. How do you think she would have purchased her raw material—yes, the food she needs to support her population? With a general moratorium would anyone have sold food or raw materials to Germany on credit? They would not. They would have demanded cash. That meant foreign exchange, which would have been unobtainable in adequate volume. Germany's foreign trade, export and import, would have paralyzed almost overnight.

What of their home trade? We have already seen that their industries were dependent, for working capital, on foreign credit. With those foreign credits gone, with their export trade gone, how would those industries have prospered or kept going, even at a minimum rate? They had three and a half million men unemployed at the time. Cut off their export trade, and reduce their domestic business owing to the lack of working capital, and instead of some 4,000,000 unemployed, they would have had many millions more.

Can you conceive of a nation of 60,000,000 people, hard working, industrious, cut off from commercial intercourse overnight because credit, the lifeblood of commercial intercourse, has been taken away from them? Can you visualize them in a period of world depression, with their own industries reduced to a point of stagnation? My imagination, Senator, can not visualize such an event, but I can see how such an economic disaster must necessarily be followed by the most serious of social consequences. I can see how such an economic disaster must necessarily spread to all the surrounding countries, until the very civilization of the Old World is threatened.

In any event, I know of no man, advised by the men on whose advice he has to rely—presumably competent to appraise these economic factors—who, being told that that kind of a disaster was staring him in the face, would accept the responsibility for the consequences by failing to take the comparatively simple action that could reasonably be expected to avert it.

Now, you have asked me: What is the difference between Germany and England going off the gold standard? I apologize to the committee for growing rhetorical.

Senator COUZENS. We like to hear you orate. But I do not think it adds anything to it.

Under Secretary MILLS. I do not think it adds anything. I will concede that.

Senator BARKLEY. It was one of the best speeches you have made lately.

Senator WATSON. We like to hear you get earnest about it.

Under Secretary MILLS. Great Britain, through investments made over the course of 150 years, at least, the world over, even in this depressed period, has flowing to England a constant stream of foreign exchange, which is available at all times for meeting foreign obligations. She finances all her export and import trade through her own capital. In fact, London, as we all know, has been the banking center of the world for generations. Needless to say, British industries are financed by British capital, and I doubt very much whether, outside the government debt, and the city's short-term money debt, Great Britain has any outside commercial debt. Moreover, Great Britain, owing to her foreign investments, is still an enormously rich country. She was not dependent on foreign credits. She had her own capital. She could finance her own industries. She could finance her own export and import trade, and she had such financial strength that, even when she went off the gold standard, there was enough confidence in sterling so that, while it depreciated, it never collapsed, and there never was any danger of its collapsing.

That situation is not comparable to the situation of a nation that is doing business entirely on foreign credits. Moreover, you must not forget this. The people of Germany have not just approached inflation from the standpoint of theory. They have

been right through inflation in its most extreme form. They have seen the savings of a lifetime wiped out. They had seen all capital in Germany wiped out. They had seen the most hideous suffering to all classes of the population as the value of their currency went down to zero. The very suggestion that the German currency should be cut away from the firm basis of gold or foreign exchange, and should once more become a paper currency, would have produced an unthinkable panic in Germany; whereas the Britisher, while he was not happy, of course, at going off the gold standard—at least most of them were not—

Senator COUZENS. Neither were his creditors, were they?

Under Secretary MILLS. Neither were his creditors. At least, they never lost faith in the pound sterling, and they were sufficiently strong to avoid, and they have avoided, the inflation that would inevitably have followed in Germany under similar circumstances.

Finally, let us remember this: Great Britain was the one country in Europe that put her currency back to the prewar standard, and in so doing, whatever benefits she derived—and they were considerable—had to be offset by the fact that she did place a very real handicap on herself in so far as competition in the world markets was concerned; and the immediate benefit, even though it be but a temporary one, was to remove that handicap and relieve that particular strain, so that while in Germany going off the gold standard would have been accompanied by wholesale unemployment, in Great Britain the effect has been, far from increasing unemployment, to stimulate employment. I do not know to what extent. So, I do not think the situations are in any sense comparable, Senator.

I think, in a general way, that is the story. Rightly or wrongly, although I did not have any doubts in my own mind in June, I certainly have no doubts now. The action taken was absolutely necessary to avert a major catastrophe.

Senator COUZENS. I am not questioning the action of the President in this matter. What I am trying to get at is this: I understood you to say that the flight of capital from Germany was very great long before the President issued his statement—to the extent of some \$800,000,000 or \$1,000,000,000.

Under Secretary MILLS. Over a 7-month period.

Senator COUZENS. Yes.

Under Secretary MILLS. But most of it during the last month.

Senator COUZENS. What I am asking is this: If they had gone off the gold standard, that capital would not have been withdrawn, would it?

Under Secretary MILLS. To the extent that it could have been withdrawn, it would have been.

Senator COUZENS. But it would not have been withdrawn with the depreciated mark the same as it would have been withdrawn with the mark at par.

Under Secretary MILLS. I hate to speculate on that, but I think that if Germany, with her background and with the knowledge of her situation, had gone off the gold standard, every foreign depositor that could have gotten out would have taken his loss and gotten out.

Senator COUZENS. He could not have gotten out—that is the substance of it—because he could not have gotten out at anywhere near the value of the mark.

Under Secretary MILLS. No; he could not have.

Senator KING. Mr. Mills, my recollection is that under the Young plan, if not under the Dawes plan, Germany had the right to ask for a moratorium of three years.

Under Secretary MILLS. Two years.

Senator KING. Yes; two years. If my premise is correct, why was it necessary for the President of the United States to ask for the moratorium, if Germany, by asking for it, could have obtained it from all her creditors?

Under Secretary MILLS. But she could not, you see. It was a very limited right. That was the trouble. She had to pay the unconditional annuities under any circumstances, and she could not have done that. Moreover, even as regards the conditional annuities, it simply provided against transfer. It did not cover the fact that she actually had to pay them into the Reichsbank.

Senator HARRISON. Do you know what proportion or what per cent of the annuities are conditional and what per cent are unconditional?

Under Secretary MILLS. The total annuities run to an average of, roughly speaking, 2,000,000,000 marks, and the unconditional annuities amount to 612,000,000 marks.

Senator SHORTRIDGE. Mr. Mills, I understood you to say that before the President put forth his suggestion of a moratorium he had consulted or conferred with a number of Senators and Members of the House.

Under Secretary MILLS. Yes, sir.

Senator SHORTRIDGE. And had received from them, severally, an approval of his contemplated action?

Under Secretary MILLS. That is correct.

Senator SHORTRIDGE. Have you in your mind, or before you, the number of Members of the respective houses that had given their approval?

Under Secretary MILLS. Prior to the action?

Senator SHORTRIDGE. Yes, sir.

Senator KING. You are pleading estoppel in pais, are you?

Senator SHORTRIDGE. Not at all. I just wanted it in the record.

Under Secretary MILLS. I think that the President gave out the list of Senators and Representatives that he was unable to consult up until Saturday noon. I am informed that since then the total number of those who signified their approval is 276 Members of the House and 63 Members of the Senate.

Senator SHORTRIDGE. Have you available the number who had given their approval before he took action?

Under Secretary MILLS. I can give you the names. I refrain from reading them.

Senator SHORTRIDGE. I do not call for that at all. I simply wanted to know for my own information.

Senator COUZENS. I was one of them. I do not want to escape any implication that I was one of them.

Senator SHORTRIDGE. Nor do I.

Senator COUZENS. I am not criticizing it now. I am just trying to get at some facts.

Senator BARKLEY. Under the terms of the debt settlements with the various nations of Europe, they might at any time obtain a 2-year suspension at their own request, as I understand, under certain circumstances.

Under Secretary MILLS. That is correct, Senator, but only as to the principal of their obligations.

Senator BARKLEY. I understand. Did any of those countries make this request for the suspension prior to the time when the President issued his statement?

Under Secretary MILLS. No; they had not; and there would have been no occasion to, because—

Senator WATSON. Mr. Secretary, let me ask you a question. Suppose Congress should refuse to approve this moratorium and take this action? What would be the result?

Under Secretary MILLS. Senator, that is a tough question.

Senator WATSON. You do not need to answer it.

Under Secretary MILLS. I am going to answer it by saying that I think, to begin with, it would do irretrievable damage to the reputation for good faith of our country before the entire world.

Senator HARRISON. Would not every country say that you can not rely upon the promises of the head of the Government?

Under Secretary MILLS. I am afraid it would have that result.

I want to go just a step further. We hold, Senator WATSON, the unsecured notes of our debtors. We are not going to send battle-ships or armies abroad to collect these debts. We are going to rely on the good faith and the character of our debtors to meet their just obligations. In other words, we rely, for the collection of these just debts, on a moral principle; and I say to you that in my judgment, if we do not regard moral principles in dealing with our debtors, then they might well feel, at the same time, that we have given them a moral justification to default on a debt which, while legal in form, depends entirely for payment on the moral obligation raised on the part of the debtor nation.

Senator GEORGE. Mr. Mills, I inferred from your statement, which I followed very closely, that in no event could the Congress have been convened, from the 20th to the 21st of June, to have met this situation.

Under Secretary MILLS. It would have been impossible, Senator.

Senator GEORGE. Without the collapse having occurred in the meantime.

Under Secretary MILLS. The show would have been over.

Senator GORE. I do not want the statement to go unchallenged in this record, that the President of the United States, even if he obtained the written consent of every Member of the Senate and every Member of the House, can bind the American people legally or even morally. The Constitution prescribes the way in which the American people can be bound, and there is no other way. I want to make this protest at this place.

The CHAIRMAN. It is in the record.

Senator COUZENS. Mr. Mills, may I ask you at this point what will become of the money that is deposited in the New York banks on the December 15 payment? Do you know the extent of it?

Under Secretary MILLS. I do not know that any of it has been deposited.

Senator COUZENS. I saw a statement in the press to that effect.

Under Secretary MILLS. All I know is that there were rumors in the press. I never heard of any money being deposited.

Senator COUZENS. Do you know whether there has been or not?

Under Secretary MILLS. No. I would be very much surprised if there were. None of these people have collected 1 cent on the debts due them since the 1st of July.

Senator BARKLEY. Is it not possible that some of them, in order to avoid being charged with even technical default, have placed the money there, knowing that it is not going to be called for?

Under Secretary MILLS. I doubt it very much.

Senator CONNALLY. On the matter of withdrawals prior to the President's action, from German banks, have you any information as to the proportion of that which belonged to German citizens who sent it out of the country?

Under Secretary MILLS. No. That is one thing you could never measure—the flight of capital.

Senator CONNALLY. Did the German Government, until the very last, take any steps to prevent the exportation of capital by its own citizens?

Under Secretary MILLS. I would rather not say this for the record—

Senator CONNALLY. I will withdraw the question.

Senator BARKLEY. Do you know to what extent the German Government used its credit, whatever credit it had, which it might have used in payment of reparations, in fostering trade with other countries?

Under Secretary MILLS. I do not think the German Government enters into that picture at all. I do not think the German Government's credit was ever used to finance foreign trade.

Senator BARKLEY. It has been claimed recently that the German Government had been involved in the effort to extend trade with the Soviet Republic.

Under Secretary MILLS. I was just going to modify my statement by saying that they had guaranteed their own exporters up to a certain percentage of the credits granted to Russia. I think you ought to understand that situation, too. They have to-day, I think, over 5,000,000 unemployed in Germany. They are willing to export at any price, and on almost any terms, in order to keep their people at work.

Senator BARKLEY. And to any country?

Under Secretary MILLS. And to any country.

Senator BARKLEY. Is that a fallacious economic remedy or a hopeful remedy?

Under Secretary MILLS. I would not want to comment. I do not know whether the Russian creditors are good or not. I have no information.

Senator BARKLEY. I have been thinking especially of Russia. I suppose they are willing to do the same thing with any country.

Under Secretary MILLS. I think, in the long run, they will probably collect, but they are confronted with a very real situation, Senator, and they are trying to work it out as best they can.

Senator COUZENS. Has the Secretary any information as to the amount of reparations that have been paid out of taxation of the German people?

Under Secretary MILLS. All of it, of course, has been paid out of taxation in one form or another.

Senator COUZENS. I understood that all the reparations had been paid by borrowing the money from foreign countries. I think that amount of borrowings and the amount of reparations are substantially alike.

Under Secretary MILLS. Of course, you can say that they paid so much in reparations over a given period, and that during that same period German industries and States and manufacturers borrowed more than that amount.

Senator COUZENS. I do not mean the industries, Mr. Secretary.

Under Secretary MILLS. It is principally the industries. The German Government, that is, the Reich, outside of the Young and Dawes loan credits and certain short-term credits, borrowed practically nothing.

Senator REED. The Dawes plan says—

Under Secretary MILLS. But what the Senator unquestionably has in mind are the figures which have been used repeatedly in order to show where Germany obtained the foreign exchange through which reparations were transferred. Of course, if the German General Electric puts up a new factory and they borrow the money in New York on a mortgage to put up that new factory, that makes so many dollars available, and that goes into the exchange market. If Germany has to make reparation payments at that particular time, those dollars are available to make the payments, but the funds, of course, are obtained in reichsmarks, by taxation of the German people, and the loans are never used to pay the reparations, except in the case of the original Dawes loan. I think that is correct, Senator REED, is it not?

Senator REED. Yes.

Senator SHORTRIDGE. In the opening of your statement you called attention to and read the statement which the President put forth as of June 20, 1931. In your reading you omitted—perhaps properly, but why I know not—the names of those Senators and Members of the House who had approved the statement, or approved his contemplated action. In the course of that statement the President said:

"I do not approve in any remote sense of the cancellation of the debts to us."

Has he taken any action or put forth any statement which modifies the words in the statement I have just read?

Under Secretary MILLS. No; and I read it, Senator.

Senator SHORTRIDGE. To your knowledge, has the President put forth any statement, or done, or caused to be done, any act modifying or qualifying the statements made in his statement of June 20, 1931?

Under Secretary MILLS. While I hesitate to speak for the President of the United States, I think I am on safe ground when I say that he is unqualifiedly opposed to cancellation.

Senator WATSON. In his debt message a week ago to-day, Mr. Secretary, he repeated that very language.

Under Secretary MILLS. I can say, without qualification of any kind, that the Treasury Department is absolutely opposed to cancellation.

Senator SHORTRIDGE. Adverse criticism having been launched at the President for the statement put forth, or the action taken as a result of his suggestion, are you aware that he consulted with or invited the opinion of Senators absent from Washington and with whom he could not confer personally?

Under Secretary MILLS. As to this proposal of June 20?

Senator SHORTRIDGE. Yes.

Under Secretary MILLS. Yes, sir. It was done by telephone and telegraph.

Senator SHORTRIDGE. I do not wish to inject my own personality into this immediate hearing, nor have anything to say touching my views upon the whole subject, but I will, for the record, Mr. Chairman, ask that there be incorporated a telegram which the President sent to me as of June 22, 1931, addressed to me at Menlo Park. It may serve to read it.

Senator HARRISON. Is that the usual telegram that was sent out to Senators?

The CHAIRMAN. Yes.

Senator HARRISON. I am assuming, for the moment, that he sent a telegram of the same tenor to other Senators.

Under Secretary MILLS. I think that is a fair assumption.

The CHAIRMAN. It will go into the record.

Senator SHORTRIDGE. I want those present to hear it, if you will indulge me. Addressing me, the President said [reading]:

THE WHITE HOUSE,
Washington, D. C., June 22, 1931.

HON. SAMUEL M. SHORTRIDGE,
Menlo Park, Calif.:

You no doubt have seen my statement in Sunday's press of the proposals of the American Government in respect to postponement for one year of all intergovernmental debts. Inasmuch as the proposal is, of course, contingent upon action by Congress, and as the matter is one of national interest, having no partisan character in that light, I consulted before action the Senators and Representatives of both parties present in Washington and as many as possible who were accessible in the country. This list of generous support from Members was shown in the public statement referred to above. I regret that difficulties of communication rendered it impossible to contact with all Members of the Senate and House. I do not wish to press any Member for reply as to his views if he prefers not to give them at this time, yet if you are favorable to the proposal in the first paragraph of the statement above mentioned it would undoubtedly aid in the negotiation now in progress if you could inform me thereof.

HERBERT HOOVER.

Senator HARRISON. Of course, you answered it.

Senator SHORTRIDGE. I did.

Senator BARKLEY. Is that the same message we all got?

Senator SHORTRIDGE. I assume so.

Under Secretary MILLS. Before I go, I would like to say one thing. I assumed from conversation that took place here that you are not going to report the Senate bill, but wait for the bill to come over from the House.

The CHAIRMAN. Certainly.

Under Secretary MILLS. The Ways and Means Committee rather objected to the last section of the bill as granting a little too much authority to the Secretary of the Treasury. The legislative drafting bureau drafted it in that form to take care of two particular situations, Greece and Austria. Section 4 will be revised by the Ways and Means Committee. I thought this committee ought to have notice of that change. The bills will not be identical.

Senator GORE. Before Mr. Mills leaves I would like to place this statement in the record—that since the restoration of peace between the United States and Germany the German Governments, national, state, and municipal, have borrowed in the United States \$798,000,000, practically all of it since the adoption of the Dawes plan, and German corporations during the same time have borrowed \$407,000,000 in the United States.

Senator COUZENS. I am glad the Senator made that statement, because I did not want it to appear from the record, from what the Secretary said, that I was confused as to the private borrowings, such as the General Electric example, and the moneys borrowed by the German Government and its municipalities.

Under Secretary MILLS. Now, let us be clear. The German municipalities do not pay reparations.

Senator COUZENS. I understand.

Under Secretary MILLS. The Reich Government, outside the Lee-Higginson credit, and possibly another short-term credit, has received no money through borrowing, except through the Dawes loan and the Young loan. The Dawes loan was admittedly used to pay reparations.

Mr. BLAINE. Mr. President, I appreciate the possibility of the impatience that may be entertained by Members of the Congress who are suffering through an agony arising out of their desire to go home. But at the risk of giving possible offense to the sensitiveness of those Members of Congress, permit me to say that in my opinion the amendment offered by the junior Senator from Nebraska [Mr. HOWELL] is entitled to consideration and that if adopted it would be the messenger of peace on earth and good will toward men as we adjourn to celebrate Christmas time. Without it the joint resolution means but little. I can approach the discussion of the amendment and of the resolution quite free from any entangling alliances.

The consideration which has been given by the executive department of the United States falls far short of the consideration given by the Premier of France with respect to parliamentary duties, parliamentary obligations, and parliamentary powers. Congress adjourned on the 4th of March, 1931. All of the conditions existing respecting the political and economic condition of Europe at this time existed when the Congress adjourned on March 4. Yet, in utter disregard of those conditions, the executive department declined and refused to call the Congress into extraordinary session for the consideration not only of our foreign affairs, but as well of our domestic affairs. Instead of exercising his function,

performing his duty, and calling Congress in session under the Constitution, he called into private conference behind closed doors some of those who have been characterized as "leaders" of the Congress. It is the first time in my life when I have ever known that "leaders" of Congress were to legislate for the people of the United States; and yet that is exactly what the executive department did and it is exactly what those leaders did. It was a session of Congress—improvised, of course—called at the White House, not at the seat of the Congress but at the White House, there in conference to determine what the policy of this Government should be with respect to debts due this Government in the year 1932.

I call the attention of the Senate, if you please, to the consideration that was given to the Parliament of France by the Premier of France when he notified the Government of the United States in so many words that the French Parliament was sovereign, was supreme; that its intervention was indispensable, and so the note of the French Government declared, in response to President Hoover's proposal:

The French Government is prepared to ask the French Parliament, whose intervention is indispensable and whose decision is sovereign, that France provisionally and for a period of one year forego the retention of any payment made by the Reich.

That was the act, and properly so, of the Premier of France toward his Government and his people.

Not so with the executive department in America. First, a conference was called, and then Congress was convened by telegrams at the respective residences of Members and not at the seat of this Government—an unwarranted, an unconstitutional proceeding, which, as a Representative of the people of my sovereign State, I can not overlook, approve, or condone.

Mr. President, if the person, whether now or in the future, who occupies the Executive Office chooses to commit the Government of the United States upon a proposition as to which the Congress is sovereign and its intervention is essential, such a President could plunge America into war by calling a conference of the leaders of the respective parties in secret conference behind closed doors without the public ever receiving the information that was given that special conference. Then, to approve of that proposal, the Executive could go one step further, as was done in this case, and by telegrams call Members of Congress into session all over the United States. I need not exaggerate, I need indulge in no imagination or picture any improbable or impossible future act on the part of the Chief Executive when I say that let this practice be carried but one step farther and we shall have in America a dictatorship without and beyond and over and above the Constitution and the laws. The proceedings in the initiation of this matter, in my opinion, do not add respect or stability to the functions and powers of the executive department. It is only the second time in the history of our country, as I recall, that the President of the United States, without authority of the Constitution and without justification in law, brought the Government into a position that was bound to embarrass the Government itself and bound to embarrass the Representatives of that Government, whose constitutional duty, function, and power were to be exercised under the Constitution.

Under the practice in this case we can be drawn into war without the consent or action of Congress by men occupying the Executive Office who forget that they are not managers of a coal mine in China, by men occupying the executive department who forget that this is a government by law and not by the edict of a dictator. Under such conditions I can readily conceive how our Government can be thrust into future wars.

Personally, I have no commitments on this proposition. I received a telegram from the President substantially in the language of the telegram received by the Senator from California [Mr. SHORTRIDGE]. I answered that telegram in the light I then had by sending this telegram to the President:

Moratorium approved and I believe urgent, provided that there are no secret understandings among Allies for preferential treatment or payment of private or international bankers' loans over Government loans, and provided that there are no commitments

entered into as a condition of other nations agreeing to moratorium and no suggestion of America's cancellation of foreign war loans.

As the distinguished Senator from California [Mr. JOHNSON] has so well pointed out, the joint resolution now before the Senate is not the proposition indicated to the Members of Congress by telegram. The same information was communicated to the British Government. The British Premier made his report to the British Parliament. The Prime Minister informed the House of Commons on June 22 to this effect:

President Hoover's proposal applies, however, to all—

And then within quotation marks occur the words—

"Intergovernmental debts, reparations, and relief debts."

There was no doubt in the mind of the Prime Minister of Great Britain as to what the President's proposal was. "All intergovernmental debts" is so plain, so emphatic, that to say that this joint resolution substantially complies with the President's suggestion is almost to admit the lack of an intelligent understanding of the English language.

Moreover, the Prime Minister makes this very significant statement immediately following the paragraph I have just read:

His Majesty's Government for their part accept this proposal in spirit as well as letter.

Moreover, the French Government well knew that the President of the United States said, not only by implication but by plain language, that he intended that all intergovernmental debts should be postponed for a year. Of course, this joint resolution does not embody the proposal of the President submitted to the Members of Congress at their respective homes by telegram. Moreover, after the proposal was modified, and modified materially—modified with respect to essential provisions—I doubt if a single Member of the Congress was advised of that modification. I have heard no Member claim that he was advised. I know that I was not advised.

Here we boast of a democracy in which we have three departments of government, each separate, distinct, and independent; which now appears, in my opinion, to be nothing more than a boast by many, with pious hypocrisy behind it. Yet in France the Premier, having regard for the constitution, having regard for the laws, having regard for the representatives of the people of France, indicated to the American Government that Parliament was sovereign in this respect, and that parliamentary intervention could not be escaped, and Parliament must first be consulted.

Yet, wholly unmindful of our own Constitution, of our own democracy, of the limitations of the laws, the limitations prescribed by tradition, and the limitations prescribed by a true democracy, notwithstanding the receipt of the French note, the executive department continued to advance the proposal, contrary, as I say, to our Constitution and contrary to the form of government under which the President exercises his functions.

Mr. President, we have three departments of government. Each one of those departments of government is supreme within its particular field. No one of those departments should trespass the field of any other department. Each department should guard zealously and jealously its functions, not because of the individuals occupying the positions in the respective departments, but because the three functions of government—executive, legislative, and judicial—are functions of government intended for the protection of the lives and the liberty and the welfare of the people; and every department of government holds within itself as trustee the liberties and the independence and the rights of the people under the Constitution; and the head of any department who transgresses that which makes possible our democracy has betrayed the trust reposed in him.

Mr. President, a Congress that lacks courage, a Congress that forgets the trust reposed in it, a Congress that fails to carry out the trust, is not entitled to the respect and eventually will not have the respect of the people for whom the

Congress acts as trustee within the field prescribed by the Constitution.

This practice, as I said, is just a step toward a dictatorship. There is but one other step to take, and that step is to use the armed forces of America in carrying out the purposes of those in authority, whether they be willful, unpatriotic, disloyal, or otherwise. Just one step—the Army of the United States to enforce the dictates of the head of the Government, whosoever he may be, without justification in law or under the Constitution—and when that time comes our democracy is at an end.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Minnesota?

Mr. BLAINE. I do.

Mr. SHIPSTEAD. When a public official takes an oath to support the Constitution, he not only swears that he will perform the duties allotted to him by the Constitution, but he also swears that he will not engage in activities outside of that which the Constitution prescribes for him. That is, he swears that he will not overstep his authority and power.

Mr. BLAINE. Oh, the oath is all-inclusive, embracing the negative as well as the positive.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from California?

Mr. BLAINE. I yield for a question.

Mr. SHORTRIDGE. The President has the power to negotiate treaties, has he not?

Mr. BLAINE. Of course the President has power to negotiate treaties.

Mr. SHORTRIDGE. Certainly. Now, in respect to this matter, has not the President in every communication said that the carrying out of this plan was subject to the consent and approval of the Congress? Has he not said that?

Mr. BLAINE. I was coming to that proposition.

Mr. SHORTRIDGE. Is not that the situation as a legal proposition?

Mr. BLAINE. Let us analyze that for just a moment and see how absurd is any conclusion that the President was within the constitutional limitations.

Mr. President, America is possessed of honor. America is possessed of integrity. Whether that honor and integrity abides in public office, public officials, or not, that honesty and integrity abides in the hearts, thoughts, and consciences of our people. Now, let us analyze just where the American people have been left in this situation.

The President has called a Congress—not at the seat of government but by telegram—at the respective homes of the Members of Congress after a conference with the leaders. Then the President, having assurances, as he states, of a majority of the Congress that they will support a proposition which he has announced as a proposal to America's debtors, then proceeds to enter into an agreement with America's debtors to modify the proposal he has made to Members of Congress by telegram, and eventually that proposal goes into a contract between the debtors of America on the one hand and our Government on the other.

That contract has not been fully executed; it can not be fully executed until the Congress has acted. With America placed in the situation where its President has bound it for six months at least by a contract conceived by him and entered into by him without constitutional sanction, can we in good faith repudiate that contract for the remainder of its term?

To all intents and purposes, so far as the debtor nations were concerned, the President was the agent of America. He has entered into an agreement without authority of law. Nations were led to assume obligations which they would not have assumed except on the representation made by the American agent.

Mr. President, America's self-respect among the nations of the world must be preserved notwithstanding the dictatorship of an American agent. This may be done once but never again should Congress be placed in this dilemma.

Mr. SHORTRIDGE. Mr. President, thanking the Senator, will he permit another question, merely to get the views of the Senator touching the powers of the President in a matter of negotiating treaties?

Mr. BLAINE. Certainly.

Mr. SHORTRIDGE. Let us take an ordinary treaty. I have understood that the President had the power to meet with representatives of foreign governments, meeting through the Secretary of State, it may be, and arranging a proposed treaty. But, of course, such a treaty has no validity until it is submitted to the Senate. The Senate may or may not approve. If it approves it, it becomes a treaty.

How does the Senator differentiate, and claim that in this instance the President has bound the Nation? I do not consider this Nation bound until the Senate shall approve. It may disapprove; I do not know.

Mr. BLAINE. Mr. President, of course I know that the Senator from California is quite familiar with the Constitution of the United States, and I would not impute to him any inference with respect to any lack of knowledge in connection with some very intricate constitutional question. But it is academic that the Constitution of the United States expressly authorizes the President to negotiate treaties.

Mr. SHORTRIDGE. Certainly.

Mr. BLAINE. It ought to be obvious that the Senator's question is quite beside the mark.

Mr. SHORTRIDGE. Is not that this situation? Are we not right in that situation now? While we are arguing pro and con, unless it is to determine whether we will agree to this, what are we doing?

Mr. BLAINE. I have a measure of generosity toward my colleagues. I know the agony under which they may be laboring, or under which some of them may be laboring. They want to go home. I think it is hardly necessary for me to repeat time and again the proposition I have made. Surely the Senator can not contend that there is any authority in the Constitution of the United States for the President to enter into agreements with foreign governments for the cancellation of debts due America. Whatever negotiations he had, of course, were negotiations made by an agent without authority to enter into a contract and bind the Government.

Now, Mr. President, coming directly to the proposition of the amendment offered by the junior Senator from Nebraska [Mr. HOWELL], I want to submit some observations which I think are material. Much discussion has been going on ever since last June respecting conditions in Germany. I shall not engage in any detailed statement respecting the German situation, but I think it is obvious to everyone that whatever situation was to be saved in Germany was primarily of a political character.

What threatened Germany in June was the possibility of the breakdown of the then and present German Government. Great Britain knew full well that if there were an entirely chaotic political condition in Germany, then her empire was insecure. France well knew, with the chaos which existed in some parts of Europe, that if the German Government fell, even the Parliament of France would then be upon a very unsound foundation. It was a political situation. The economic situation is an entirely different proposition.

When measured in dollars and cents, the moratorium to Germany means but little. I am not going into the details respecting that proposition. Senators have inserted in the RECORD material indicating the amount of money owed by the German Government to the Allies and to America.

I want to call attention to this one significant fact: That the German Government owed America, according to the testimony of Under Secretary Mills, of our Treasury Department, the sum of only \$6,000,000 for the year 1932. That is the only amount the payment of which we forgive Germany; the payment of which we forego for one year.

Let us examine into the French situation: France did not accept the original proposition the President submitted to the Members of Congress by telegram but modified that proposition very materially. The details have been given, but

I call attention to a very significant proposal of the French Government.

Germany had entered into agreements by way of treaties. One country with which Germany was closely allied was Austria—and I say "allied" because they were connected by economic and geographic similarity. Germany and Austria had engaged in several treaties. Each one of those treaties bound the German Government to harsher terms than those contained in the treaty of Versailles.

When Germany found her economic condition shattered, then she went to the governments of Europe to secure loans, or to enable Austria to secure loans, and treaties were entered into, additional obligations were assumed by Germany, and exactly the same situation is involved in this proposal. France proposes not only the security she has had heretofore, not only the guaranties under the treaties, but, in addition to those guaranties, France has demanded and will receive additional guaranties from the German Government.

Those guaranties consist of security given to the French Government for the payment of the nonpostponable reparations. That security consists of bonds upon the railways of Germany. Those bonds are underwritten by the German Government. After France has sucked almost all of the lifeblood out of Germany, she continues to demand additional security.

Let us examine into that for just a moment. The Versailles treaty was the most unconscionable treaty ever imposed upon a defeated nation after any war fought in the history of the world. The whole purpose of France, beginning with that treaty, has been to reduce Germany to the position of a dependency of the French Government, if not political dependency, at least economic dependency. France would enslave the frugal, industrious people of Germany, and place them under an economic system out of which Germany can never recover so long as the treaty of Versailles and other treaties with the Allies are in effect. What happened to Germany?

The German people, the conquered people, were despoiled of their natural resources. France demanded and received the natural resources of the Ruhr Valley. She went into the Saar Basin. Before she would withdraw her black troops of Africa from German soil she demanded additional impositions upon the German people. Germany, therefore, internally was brought to her knees economically. She had lost her coal, her iron. The basic material of her vast industrial possibilities was lost to her during the time of dire need.

Despoiled of her natural resources, her territories were taken from her. All of her territories in Africa were placed under the mandate of the French Government, the British Government, and, as I recall, a part of her African territories were placed under the mandate of the Belgian and Italian Governments. All of her possessions in the Pacific were taken from her. Her vast system of cables that were a network from Berlin to Cape Town, to Good Hope, across the Atlantic and Pacific to Australia, a network of cable lines so important to her industrial and commercial prosperity, were likewise taken from her.

Germany was despoiled of these vast territories, and Great Britain and France became the beneficiaries of that despoilment. Great Britain has attained a territory of some 13,000,000 square miles as a result of the despoilment of Germany. An area exceeding 13,000,000 square miles including the British Isles, 13,000,000 square miles of the earth's inhabitable surface, rich in natural resources, has been attained by Great Britain.

There were taken from the German people over 1,250,000 square miles of inhabitable territory, with a population of over 12,000,000 people. These vast territories are to-day largely under the mandate and thereby in the possession and under the control, practically all of them, of two governments. All those vast lands, all of their immense natural resources, were obtained under the harsh and unconscionable terms of the Versailles treaty.

What does that have to do with America? It seems to me, Mr. President, that we are confronting a world situation in which America is being placed in jeopardy. What has happened? France has erected her tariff wall. Great Britain has erected her tariff wall. Each of those nations has given preferential consideration to the nationalities under its sovereignty or under its mandates. To-day America in her commercial transactions throughout the world is denied access for her goods except by the payment of these high tariffs, within the British Empire, to over one-fourth of the inhabitable area of the world. By reason of these high tariffs and the differentials favoring those nations belonging to the respective foreign governments or over whom they have a mandate, America is denied equality of commercial intercourse.

These same nations are circumscribing America's industrial development, through the diminishing of her commerce, to a territory not beyond continental America—with Cuba, with the Philippine Islands, with Hawaii, and a few other outlying possessions like Porto Rico. Trace this situation carefully and it will be found that out of the Versailles treaty the nations to which I have referred, and primarily France and Great Britain, are restricting and circumscribing, step by step, America's future wealth and prosperity. Those nations have been able to carry on in the acquisition of these vast territories under and by virtue of the Versailles treaty.

Mr. President, so long as the Versailles treaty remains there can be no peace on earth. Germany alone is not involved. I approach this situation purely from the standpoint of America's interests. It is America's interests which are primarily involved. But there may be those who will say that America is not a party to the Versailles treaty and therefore that is none of our business. An argument to that effect might have been logical prior to the proposal that is before us; but this proposal, as I view it, and as I think the facts disclose, has made the interallied debts and reparation agreements part and parcel of America's concern.

Had the President awaited the request of the British Government or of the French Government or of the German Government for a postponement of the annuity for 1932, then I can appreciate how we might not have been involved, how we would not have been concerned respecting reparations; but that is not what the President has done. The President has submitted a proposal, modified by France, which involves a most important relationship of the American Government with reparations.

Not only that, but the President has placed this burden upon the German people with a little more vengeance. Germany is like the man who owns his home with a mortgage upon it; he defaults in the payment; the mortgagee postpones that interest and principal. But the mortgagee proposes to the home owner before he will postpone payment of the principal and interest due, the home owner must give him a chattel mortgage upon his household goods, he must give a chattel mortgage upon the small store of precious household silver that has been accumulated by the wife, he must give a chattel mortgage upon everything, loose or attached, within that household, in addition to the security already provided, that is exactly in common, plain language what France has done under this proposition. She has taken a mortgage upon the Germany railways; the bonds are underwritten by the German Government; she has additional security not only for the interest but for the principal; and through that system France can continue bleeding to death the frugal, industrious people of Germany, the young men and women who are of a generation or will be of a generation unknown to the war.

Germany has accepted the provisions, it is true; Germany has submitted to the demands of France it is true; but, Mr. President, those who understand the sad plight of a debtor realize that he must submit to whatever terms may be imposed upon him. Germany's submission, of course, was imperative on account of political conditions existing in Germany at the time this moratorium was proposed.

I, therefore, Mr. President, with some hesitancy, vote for the moratorium. I could support it more whole-heartedly if the pending amendment were adopted.

Mr. President, I think great honor is due to the able senior Senator from California [Mr. JOHNSON], who has commanded the attention of the country, whose intelligent discussion of executive limitations is bound to be favorably received throughout the United States. He has performed a signal service for the people of America. That service lies in the warning he has given to future Presidents, the challenge that he has made to those who in the future would dare violate the Constitution of America. That service, in my humble opinion, will have its beneficial effect in years to come.

We are going to face this whole question of intergovernmental debts; but in the future we should face it without any prior commitments made by the President. We should face the situation from the standpoint of America's interests and the peace of the world.

Mr. President, as I have sat with the subcommittee of the Committee on Banking and Currency and listened to the testimony of bankers, domestic and international, disclose the conditions existing in this world to-day, it is as clear to me as the noonday sun that the financial structure of Europe is nothing but a shell. It may be crushed at any time overnight; and even here in America it develops from day to day through the testimony of the witnesses before that committee that our financial structure is weak, is crumbling; that we must go into the coffers of the Government to the extent of two or three billion dollars in order to save insurance companies, to save railroads, to save banks from a financial crash. So we in the United States may be facing the same crumbling financial condition that exists in Europe to-day.

I think the senior Senator from Nebraska [Mr. NORRIS] outlined what is in store for our world—not as a prophecy nor as an oracle, but through the analysis of obvious facts and applying the reasoning of all history. I heartily join in the sentiment he expressed that until we can undo the crime committed upon civilization by the treaty of Versailles there can be neither peace nor prosperity in Europe or in America.

This moratorium has been on for six months. It has only about six months to run. Then what will be the process? Another session of Congress by telegram? Another consultation of leaders of parties? Another refusal to call the Congress into extraordinary session? That will be the course if the precedent set in June is again to be followed.

Mr. DILL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Washington?

Mr. BLAINE. I do.

Mr. DILL. What does the Senator think would be the effect of refusing to approve the moratorium now?

Mr. BLAINE. Mr. President, answering the Senator's question, I can only repeat what I have said—that the President of the United States acted as agent for the Government without authority either in law or under the Constitution. He entered into an agreement with the debtor nations. That agreement has not been fully executed; but the debtor nations have acted upon that agreement. They have placed themselves in positions in which they would not have placed themselves had it not been for that agreement.

When a Senator votes against the moratorium I do not want to imply that he will discredit our Nation. He has a right to vote that way. He is exercising his constitutional function. His conscience has directed his course. But the President's spokesman has announced that some 68 Senators and a large majority of the House—and the House by its action has demonstrated his announcement to be correct—are in favor of the moratorium. That is why I say that the moratorium is, and it can not be avoided.

The answer may not be satisfactory, but it is the dilemma in which we find ourselves.

Mr. DILL. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Wisconsin further yield to the Senator from Washington?

Mr. BLAINE. I do.

Mr. DILL. Does the Senator think that any of the nations that owe this Government would fail to pay if we refuse to approve the moratorium in the Senate?

Mr. BLAINE. Expressing a fact rather than an opinion, none of the governments has refused to pay; and I think that is the best indication that they would not have refused to pay had the President not suggested that they do not pay.

Mr. DILL. And they would not refuse to pay even yet if the Senate should refuse to approve the moratorium?

Mr. BLAINE. All of the governments, no doubt, are in a financial condition to pay so far as the Government of the United States is concerned. It is possible that they have made certain commitments. I do not know what they are. They might embarrass the governments. If the moratorium were defeated, I have no doubt that the governments that owe America are quite able to pay.

Mr. President, it was not my purpose to go into a detailed discussion of the merits or demerits of this proposal; but I did wish to point out, with as great an emphasis as possible, that the material, the most effective suggestion respecting this whole question of reparations, intergovernmental debts, and world peace is embodied in the amendment offered by the junior Senator from Nebraska [Mr. HOWELL].

Mr. HATFIELD. Mr. President, I send to the desk an editorial taken from the Wheeling Intelligencer of Wheeling, W. Va., which I ask unanimous consent to have read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read as requested.

The Chief Clerk read as follows:

[From the Wheeling (W. Va.) Intelligencer of Monday, December 21, 1931]

AMERICAN BANKERS AND EUROPE'S DEBT

After reading the testimony of Charles E. Mitchell, chairman of the National City Bank of New York, before the Senate Finance Committee on Saturday, it is impossible to doubt the source of the defeatist attitude which has developed in certain American quarters of late with respect to war debts.

Mr. Mitchell was appearing in behalf of the moratorium. He did not, however, content himself with presenting arguments in favor of ratification. Not only did he paint a picture of a German people on the verge of revolt if their country is forced to make on schedule the suspended payments, but added the assertion that there is a growing "rebellion against the payment of debts" in Germany and in "other European countries." He "couldn't conceive it possible" that Germany will pay her debts, described the psychology of the German people as "readily understandable" and said that the attitude of other European peoples is similar regarding their debts to the United States.

Mr. Mitchell may not have been "preaching a doctrine of cancellation," as he hastily explained. Nevertheless, he was describing a European attitude which he and other American bankers have helped create. Moreover, considering the stake of our bankers in Europe, it is an attitude which, it is easy to believe, he would like to develop further in this country.

The Intelligencer believes sentiment in the United States is overwhelmingly against cancellation or reduction of the war debts, and rightly so. It believes Germany is able to pay reparations and the other European countries to pay war debts. It can see no connection between the two. It believes our debtors can pay us and should pay us, whatever happens to the reparations. The debts were contracted without strings. They represent actual cash borrowed from Uncle Sam, who in turn borrowed from and will have to pay the holders of Liberty bonds. Nevertheless, it is apparent that both Germany and our former allies are trying to get rid of their war obligations at our expense.

Our mistake has been to permit the feeling to develop in Europe that we are not particular about collecting the debts; that, having lopped \$7,000,000,000 from the original figure in the various finding agreements, we are inclined to drop the 11 billions remaining if it will help things in Europe.

Here is where the bankers and the private individuals they represent come in. Because of attractive interest rates a great flood of American money has found its way into Europe. At the present time the amount of private foreign loans owed the American people is estimated at \$15,000,000,000. In Germany alone these obligations amount to three and a half billion. Quite naturally there is some anxiety as to the security of these accounts. Indeed, Germany has frankly indicated or threatened her inability to pay off these private debts if reparations are forced upon her. And the balance of Europe, with a "similar psychology," as Mr. Mitchell says, is in about the same frame of mind. So it would be a fine thing all around for Mr. Mitchell's bank, which has, by his own admission, made \$25,000,000 selling bonds of other nations

in this country since 1919, for other banks in a similar position and for the individuals who hold these European bonds to have the war debts wiped off the slate.

If the purchasers of foreign bonds have gotten themselves into the position of having their money endangered unless public obligations are forgiven, it is hardly the place of the American people to rescue them. They knew or the bankers who handled the transactions knew all about the war debts and the reparations and financial conditions in Europe. They knew the money they were loaning was going to the expansion of navies, to the building up of airports and roads and other nonproductive public works. They knew there would have to be a day of reckoning some time.

The truth of the matter probably is that all European countries, including Germany, are fully able to pay all of their obligations, public and private. They may have needed the additional time granted in the moratorium. They may need still more time. But the underlying ability to pay is there. Still if the money-drunk American people can be cajoled into assuming the burden, why not let them do it? That, perhaps, is the true European attitude.

Mr. HATFIELD. Mr. President, this editorial expresses well my conclusions upon the intergovernmental-debt problem.

I was one of the Members of Congress who gave the President, by message and in oral conversation, the assurance of my support of the postponement for one year of the payment of that part of the intergovernmental debt which matured with interest this year. My assent to the proposition was based upon the conclusion that it would be of great assistance in solving the financial condition that then confronted the German Republic.

I shall vote to approve this year's moratorium, which expires on June 30, 1932. However, I shall not support an additional extension as I understand the intergovernmental debt at the present time, nor shall I vote for a reduction of the debt. Too much has already been assumed by the American people in the way of obligations growing out of the World War conflict. The financial and social burdens assumed by this country must be taken into account in figuring the cost of our assistance to Europe, as well as the services rendered by our Army, Navy, and marines on the battlefields of Europe.

In reading the combined annual report of the World War Foreign Debt Commission and the legislation leading up to the creation of this commission, I am impressed with the thought that little consideration was given by the powers that be at that time in making loans to the allied nations. Indeed, no security to the American people was given in advance for those credits, although the terms of the loans specified payment on demand. Everyone in the Treasury Department knew at that time that such a provision was a huge joke, as none of the borrowing powers could pay a billion dollars on demand; in fact, they could not pay a hundred million dollars. They were depleted because of the long-drawn-out war, which exhausted the allied nations in financial substance as well as in man power.

Mr. President, we were even technically at war with Germany and her allies until 1921, notwithstanding the treaty of peace signed at Versailles in 1919 which ended the war between Germany and the nations that were contending against her.

The year's suspension of the intergovernmental war debts was agreed to on the part of America only after President Hoover had consulted practically every Member of Congress, either personally or by wire. The overwhelming response he received in favor of it assured the President of the support of Congress, and that Congress was squarely behind him. No thought of cancellation of these obligations to our country by the allied nations was suggested by him, nor could anyone justly arrive at a conclusion that the President entertained such a thought as cancellation from any expression voiced by him, nor was it the feeling of those in Congress who assured the President of their approval and support of this suspension of the payment of that part of the principal amounting to \$68,344,617, with interest of \$184,222,186, or a total of \$252,566,803. My conviction, and I doubt not but that it was the conviction of others, including the President, has been that this suspension would go a long way toward relieving a depression resulting primarily from the World War, that it would be of great assistance

to all the nations which had intergovernmental debt obligations.

The suspension of the payment of this maturing obligation for a period of one year is not unlike the request of an individual debtor who has met with reverses and finds that he is unable to meet the principal of his obligation and asks his creditors to renew his notes and to permit him to carry on, so that sooner or later he will be able to assume and liquidate both principal and interest, if given sufficient time to do so.

Indeed, Mr. President, there is no man who has ever occupied the office of Chief Executive of this great Nation who has been confronted with the perplexing problems which the present occupant of that office has had to face. History records no one who has faced such questions in a more manly way. He has not hesitated to assume the responsibilities that have come to him, regardless of whether the best course as seen by him would appeal to the rank and file of the people. He has sought to do his duty to reach a solution of the chaotic and intricate problems which have confronted him. The problems are unprecedented, and with no similar situation in the past to serve as a guide, our President has been forced to deal with conditions more complex and strange than have beset any Chief Executive since the formation of this Republic.

We had a problem, Mr. President, after the War between the States, in which party organizations in conventions assembled took the position that the obligations contracted by the Government for the purpose of saving it could not be redeemed, and which resulted in repudiation being advocated.

If such a condition confronting our Republic caused a critical period in our financial history when \$350,000,000 in greenbacks was the issue or question at that time, it may be seen that that picture is but a miniature of present conditions when we note that \$330,000,000,000 represents the cost of the World War, with a sum in excess of \$50,000,000,000, or more representing our part of the expenditures in that great conflict. Could there be much wonder at the financial situation which confronts us, and the same condition which at the present time confronts other nations who engaged in that war.

Indeed, Mr. President, if we take history as our guide, the situation before us at the present time, from an economic point of view, is only in keeping with a normal sequence that necessarily must follow such an orgy as began in August, 1914, and ended when the armistice was signed November 11, 1918.

Mr. GORE. Mr. President, I do not rise to discuss either the pending joint resolution or the pending amendment. I ask unanimous consent to have printed in the RECORD an article from the Tulsa World which represents my views and which was published when the moratorium was sprung upon us.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Tulsa Daily World, Thursday, June 25, 1931]

OKLAHOMA SOLONS OPPOSED TO HOOVER MORATORIUM PLAN—"CHARITY SHOULD BEGIN AT HOME," SAYS GORE—THOMAS VIEW SAME

While President Hoover's suggestion for a 1-year moratorium of European war debts would be beneficial abroad, United States Senator T. P. GORE, Democrat, is unwilling at present to accept it unless there was a stronger guaranty that this country would share in the benefits.

"The success of the suggestion depends to a considerable extent on whether those countries make the most of the opportunity to regain their economic equilibrium or spend the money thus saved on increased armaments. The United States will bear the brunt of the suspension, hence it is vitally necessary for this country to safeguard its interests.

"Charity should begin at home and the Government should not forget our own people while trying to relieve those abroad. The foreigners will feel grateful for the moment, but it is not likely that this will last long. It seldom does."

Senator GORE, who was reached at Ada by telephone, believes that a conference should be called and each foreign nation pledge itself to reduction of armaments before the moratorium aid be given.

He said "there can be no real prosperity while taxpayers are so heavily burdened with military establishments. The tariff also

must be revised downward before trade can revive to any great extent. Most nations have surrounded themselves with high-tariff walls that are proving ruinous, and these must be lowered if trade is to be given a chance to revive and reach its former proportions."

Mr. GORE. Mr. President, I also wish to have printed in the RECORD two letters from a prominent citizen of my State, which shed an interesting light upon this joint resolution and upon the situation in the country.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

OKLAHOMA CITY, OKLA., December 19, 1931.

Senator T. P. GORE,

United States Senator, Washington, D. C.

DEAR SENATOR GORE: Labor suffered a loss of \$9,600,000,000 in income in 1930. Labor sustained a loss of \$12,000,000,000 in income in 1931. There has been a loss in the income of executive salaries and profits during the years 1930 and 1931 of \$9,000,000,000. We have suffered a loss of \$4,000,000,000 in rentals during 1930 and 1931. Loss in corporation earnings and dividends during the same period amounts to \$9,000,000,000. This makes a grand total of \$43,600,000,000 of loss to labor and in rentals, profits, salaries, earnings, and dividends.

In addition to the above stupendous loss there has been a much greater loss in our national wealth. We have lost \$185,000,000,000 of our total national wealth. The depression has cost us approximately one-half of our national wealth in addition to the staggering losses above enumerated.

The recorded debts in the United States amount to about \$160,000,000,000. Other debts not recorded will run the total debts of all the people of the United States to \$200,000,000,000. We owe as much as all the wealth in the United States to-day is worth.

At any rate, we have Hoover and other Republican leaders for the past several years to thank for our present chaotic circumstances. Yet Hoover thinks we are able to donate to Europe this year \$250,000,000 by reason of the moratorium and ultimately to cancel the \$12,000,000,000 in loans European countries owe us, all of which to help international bankers and foreign investors.

Yours very truly,

R. M. McCool.

OKLAHOMA DEMOCRATIC STATE CENTRAL COMMITTEE,
Oklahoma City, Okla., December 17, 1931.

Senator T. P. GORE,

United States Senator, Washington, D. C.

DEAR SENATOR GORE: The people of this State are against Hoover's moratorium. They believe that charity should begin at home. We have spent about \$38,000,000,000 by reason of the World War. In addition, we loaned European countries about \$12,000,000,000. On top of all this private interests have invested fifteen or more billion dollars in foreign countries, principally in European countries, during the last 10 years. All this makes a total around sixty-five to seventy billion dollars that Europe has cost us in the last 15 years. That is more money than all those countries are worth. This explains, too, where our money and credit have gone.

The moratorium will cost the United States this year \$250,000,000. That money would satisfy much want and relieve much suffering in this country. Recently nearly all the towns and cities throughout the United States put on a Community Chest campaign and collected millions of dollars for the poor and unfortunate. Under the circumstances that was a splendid thing to do. Just now we are putting on an old-clothes campaign. That is a fine thing to do. But both the Community Chest campaign and the old-clothes campaign are a reflection upon and an indictment of our financial and industrial system.

Our people are starving because we have too much food. Their backs are bare because we have too many clothes. Their heads are unsheltered because we have too many buildings. This chaotic and deplorable condition comes about because of improper, unfair, and unjust distribution, made possible by exorbitant, and what should be unconscionable, profit-taking in periods of so-called prosperity. Centralization of our money and credit, resulting necessarily in the control of wealth by a comparatively few, fosters and accentuates these conditions. Rather than keep purchasing power in the hands of the American consumers, in whom lies the greatest potential market on earth, our industrial overlords, international bankers, and foreign investors have invested abroad the fortunes that the American people as consumers made it possible for them to exact from society. This group evidently believes that we must first save other countries and then save ourselves.

As I write this letter, snow is falling and melting as it hits the ground. It is cold and penetrating. I see ill-clad and poorly fed people on the streets. I am told they are digging dugouts for the winter in North Canadian bottoms. The months of suffering have begun. Our people have so far tolerated the almost unbearable conditions, but their patience is now gone and their hopes of better times and conditions have been blasted. I dread the next few months, because I am fully aware of what may happen.

Verily, verily, as the Bible would say, charity and justice should begin at home.

Yours very truly,

R. M. McCool,
Chairman.

Mr. GORE. Mr. President, while I am on my feet I will merely add that, in my judgment, this measure is a mere opiate. It is not an antidote.

It deals with symptoms and not with causes.

It does not lay the ax at the root of the tree of evil.

It does not eradicate the existing evil. It may, indeed, aggravate that evil. It may have already excited hopes which are destined to be shattered in the future.

I agreed with the junior Senator from California [Mr. SHORTRIDGE] when he said that our country had been exceedingly generous to our associates in the late war. This country has been exceedingly generous to our recent associates, both in the reduction and in the postponement of their debts. Our generosity, I think, is as unprecedented as it is unappreciated, and I sometimes think we ought to be just to the folks at home before we become generous to the strangers across the sea.

I admire the fine chivalry, I admire the fine sentiments expressed by the junior Senator from California when he said that our associates in the war—come what may—will pay their debts—the uncanceled remnants of their debts. I admire that fine sentiment, but I do not share his "simple faith."

If some curious antiquarian of the future should do us the honor to ransack the records of this day, I wish him to note that there was one doubting Thomas, one realist, who did not share this illusion.

To my mind there is nothing more fatuous than the fancy that 30 or 40 or 50 years from this day Germany will be making reparation payments to France. Reparation payments are in the nature of a fine. They are based upon war guilt or upon alleged war guilt. They grow out of a treaty that was penned with the sword and that was signed at the point of the bayonet. Whether right or wrong, Germany does not feel in conscience bound to keep that treaty, or bound to make those payments; and the day will come, whether Hitlerism or communism comes to power in Germany, when these reparation payments will be repudiated. Whether better or for worse they will be repudiated.

The debts owing by the allied powers to the United States rest upon an entirely different principle. They are different in law, they are different in morals, they are different in conscience. They will not be found to be different in practical effect; and this joint resolution has linked them together indissolubly and has reversed established policy in this country that there was no relationship between reparation payments on the part of Germany to France and the debts owing to this Government by the allied powers, which represent, not a fine, but money had and received, which represent values advanced to the allied powers, which represent the money which they received and accepted and which preserved their existence.

Yet when Germany repudiates her obligations, if she does, then the allied powers will default their obligations to the United States, although they owe their very existence to those obligations. France made it plain when she ratified the Berenger-Mellon agreement that she would not pay unless she was paid.

I do not favor this joint resolution. I do not favor the cancellation of these debts. I do not favor the reduction of these debts. The governments that borrowed this money ought to repay it. Our Government did not use the money and our people should not have to pay it. Yet I am not blind, as I believe, to what the future holds in reserve—nor to a movement which will prove to be as resistless as time and tide. However, I think there is an advantage, notwithstanding that, in the United States adopting and adhering to the ultimatum "Pay or repudiate."

If the allied powers pay, we get the money and they save their credit. If they do not pay, they forfeit their credit, but perhaps it may save trusting governments in the future, our own included; it may save them money in the days which are to come.

Let Senators remember that when Augustus Cæsar gathered into his hands all the powers of the Roman Govern-

ment he preserved, indeed, the trappings of the Republic. But free government and Roman liberty were extinct. I do not think the Congress is bound by the pledges made, and I hope that this experience will warn us against similar experiences in the future.

The governments of Europe have, at least, an elementary knowledge of our Constitution, of our free institutions, and how they function. They know how, and how alone, the people of this great Republic can be bound. I assume that our President is likewise familiar with the fundamental principles of our free institutions and of the Government over whose destiny he has been called to preside.

Mr. WATSON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hawes	Robinson, Ind.
Austin	Costigan	Hayden	Schall
Bailey	Couzens	Hebert	Sheppard
Bankhead	Cutting	Hull	Shipstead
Barbour	Dale	Johnson	Shortridge
Barkley	Davis	Jones	Smith
Bingham	Dickinson	Kean	Smoot
Black	Dill	Kendrick	Steiwer
Blaine	Fess	King	Thomas, Idaho
Borah	Fletcher	La Follette	Thomas, Okla.
Bratton	Frazier	Lewis	Townsend
Brookhart	George	McGill	Trammell
Broussard	Glass	McKellar	Tydings
Bulkeley	Glenn	McNary	Vandenberg
Bulow	Goldsborough	Morrison	Wagner
Byrnes	Gore	Moses	Walcott
Capper	Hale	Norbeck	Walsh, Mass.
Caraway	Harris	Norris	Walsh, Mont.
Carey	Harrison	Nye	Watson
Connally	Hastings	Patterson	Wheeler
Coolidge	Hatfield	Reed	White

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is detained from the Senate on account of illness.

Mr. BARKLEY. My colleague the junior Senator from Kentucky [Mr. LOGAN] is unavoidably detained on account of necessary business.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

Mr. CUTTING. Mr. President, two things have amazed me throughout this discussion; first, the haste with which this proposition is attempted to be forced through the Senate and, second, the fact that none of the acknowledged administration leaders have stood up on this floor in support of a measure which unquestionably is going to pass with a large majority. I do not know why this haste is necessary, but so far as I am personally concerned, I am willing to submit myself to the decision of my leaders and confine my remarks to the very briefest explanation of the motives which induce me to vote as I shall vote.

In the first place, I wish to say that there is no Senator on this floor who is more thoroughly opposed than I am to the method of voting by Western Union telegram. The message which I personally received came to me when I was in a remote district of my State and before I had had a chance even to read the President's initial statement. I answered it, but I answered it in terms which I do not believe bind me in any way at the present time. I do not know whether the Republican leader has me on the list of 68 Senators or not, but I will say that even had I committed myself at that time I should not feel that a statement of my attitude in June bound me in any way to a totally different kind of moratorium in December.

Second, I want to say that I do not subscribe to the facile optimism which has been voiced by a good many Members on this side of the Chamber. I quote merely as an example what the Republican floor leader said yesterday—that this proposal had "nothing to do with debt cancellation, with debt reduction, with debt postponement, with future moratoriums, or with any other question relating to our international relations."

We have been referred to section 5 as a guaranty that never in the future would Congress be called upon to do anything of this sort again. I submit what every Senator in this Chamber knows—that section 5 is not binding on future

Congresses, and that in essence it is not worth the paper on which it is written. I can not adopt such an unreasonable optimism. I can not lay such flattering unction to my soul.

I believe that one note of reality has been struck in this whole discussion, and that note was struck by the senior Senator from California [Mr. JOHNSON]. I believe that the analysis of the situation by the Senator from California was entirely correct. I differ with him only in the course which I think should follow from those assumptions. The Senator from California stated that this is the opening wedge. I agree with him. That is one reason which leads me to vote for this resolution, because I believe ultimately it is the opening wedge which will split apart the hypocritical plan by which the world has been allegedly run for a good many years—the Young plan, the Dawes plan, and the very Versailles treaty itself.

I do not often subscribe to anything which comes from international bankers. Especially rarely do I have the honor to agree to anything said by Mr. Otto H. Kahn. But when Mr. Kahn said that it would be better for this country to have reparations and war debts all torn up and thrown into the sea I believe that he was stating the truth.

I have sometimes wondered, Mr. President, whether this whole scheme of war debts could be supported in its origin. I have often wondered whether this country might not well have adopted as its policy the policy which Great Britain carried out so successfully during the Napoleonic wars—the policy of subsidizing its allies for what war expenses they were unable to pay themselves. I have an idea that if such a policy had been followed by this country during the World War we should have avoided not only the complications which face us now but a great part of the distress which is universal and which particularly affects the people of this country. Can anyone point to an American citizen, a business man, a farmer, a laborer, an unemployed citizen, who can say with any degree of truth that this fiction of war debts is improving his own personal status? I do not believe there is one.

However, Mr. President, that is not a matter which we have to consider now. These war debts are in effect. We have canceled many of them. My only criticism is that in canceling them the United States had to give everything without getting anything in return.

I believe that this debate and the vote which will undoubtedly be taken in favor of this moratorium will in themselves compel a speedy readjustment of European affairs and affairs throughout the world. If I did not think so, I would not vote for this joint resolution. It is needless to say that I shall vote for the amendment offered by the junior Senator from Nebraska [Mr. HOWELL]. I suppose that amendment is doomed; and if and when it fails I shall vote for the moratorium on the theory which I am endeavoring to state.

The fact that this country has given everything without anything in return does not mean, Mr. President, that in the future we should continue that futile policy. I believe every Senator on the floor in his heart knows that the main troubles in the world to-day are due to the Versailles treaty with all its ramifications. I do not necessarily blame those who at the time may have agreed to that treaty on the theory that they could get nothing better, but surely, Mr. President, in the time which has gone by since 1919 there have been innumerable occasions for the nations of the world to get together and adopt something more adequate to the situation.

We have heard the senior Senator from Nebraska [Mr. NORRIS] speaking this afternoon, and every Senator on this floor knows that as long as Europe is an armed camp—and it will continue to be an armed camp so long as there is no revision of the Versailles treaty provisions—so long this country also will have to spend an enormous proportion of its annual expenditures for unproductive purposes.

I think, Mr. President, that this is the first step in a process of world adjustment; I think that the Versailles treaty is going to be revised, not primarily by anything which we can do, but primarily by the logic of facts; and I think

it is going to be revised a great deal sooner than most of us imagine.

It is my hope that at that early date we shall have in the White House a man of the intellectual integrity, of the sincere patriotism, and of the devotion to American ideals possessed by the senior Senator from California [Mr. JOHNSON], against whom I shall on at least one occasion be compelled to cast my vote.

Mr. President, I am going to vote for the Howell amendment; and whether that amendment is carried or fails, I shall vote for the joint resolution.

The VICE PRESIDENT. The question is on the amendment proposed by the junior Senator from Nebraska [Mr. HOWELL].

Mr. WATSON and Mr. NORRIS called for the yeas and nays.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. On page 2, line 24, after "United States," it is proposed to insert a semicolon and the following:

Nor shall such agreement be made with any government until it shall have effectively assented, in a form and manner satisfactory to the President, to the reformation of the Versailles treaty, including the return to the German Government of its former but now mandated colonies.

The VICE PRESIDENT. The yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence, I withhold my vote.

Mr. GORE (when his name was called). I have a pair for the evening with the senior Senator from Virginia [Mr. SWANSON]. I therefore withhold my vote.

Mr. NORRIS (when Mr. HOWELL's name was called). My colleague [Mr. HOWELL] is detained from the Chamber on account of illness. He is paired with the senior Senator from Arkansas [Mr. ROBINSON]. If my colleague were present, upon this question, he would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is detained at home on account of illness. Not knowing how he would vote on this question, I withhold my vote.

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the Senator from West Virginia [Mr. NEELY]. If he were present he would vote "nay," and if I were permitted to vote I should vote "yea."

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. MOSES. My colleague [Mr. KEYES] is unavoidably absent on business of the Senate. If present, he would vote "nay" on this question.

Mr. BYRNES. I have a general pair with the junior Senator from Nevada [Mr. ODDIE]. I understand that on this vote, if present, he would vote "nay." As I intend to vote the same way, I feel at liberty to vote, and vote "nay."

Mr. FESS. I wish to announce that the Senator from Nevada [Mr. ODDIE] and the Senator from Colorado [Mr. WATERMAN] are both detained from the Senate on account of illness. Were they present, they would both vote "nay" on this amendment.

The result was announced—yeas 16, nays 63, as follows:

YEAS—16

Blaine	Cutting	La Follette	Nye
Brookhart	Dill	Lewis	Schall
Bulow	Frazier	Norbeck	Wagner
Copeland	Johnson	Norris	Wheeler

NAYS—63

Ashurst	Barbour	Borah	Byrnes
Austin	Barkley	Bratton	Capper
Bailey	Bingham	Broussard	Caraway
Bankhead	Black	Bulkeley	Carey

Connally	Harris	McGill	Thomas, Idaho
Coolidge	Harrison	McKellar	Thomas, Okla.
Costigan	Hastings	McNary	Townsend
Dale	Hatfield	Morrison	Trammell
Dickinson	Hawes	Moses	Tydings
Fess	Hayden	Patterson	Vandenberg
Fletcher	Hebert	Reed	Walcott
George	Hull	Sheppard	Walsh, Mass.
Glass	Jones	Shortridge	Walsh, Mont.
Glenn	Kean	Smith	Watson
Goldsbrough	Kendrick	Smoot	White
Hale	King	Steiwer	

NOT VOTING—16

Couzens	Keyes	Oddie	Shipstead
Davis	Logan	Pittman	Stephens
Gore	Metcalf	Robinson, Ark.	Swanson
Howell	Neely	Robinson, Ind.	Waterman

So Mr. HOWELL's amendment was rejected.

Mr. NORRIS. Mr. President, I have another amendment which I desire to offer on behalf of my colleague [Mr. HOWELL].

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 3, line 15, after the period, it is proposed to insert the following:

It is hereby further declared that no further postponement of the indebtedness of foreign countries to the United States shall be considered by Congress unless and until the European nations indebted to the United States on account of prearmistice war loans shall have effectively assented, in a form and manner satisfactory to the President, to the reformation of the Versailles treaty.

Mr. NORRIS. Mr. President, I desire to submit only a few words in explanation of the amendment. Senators will observe, perhaps, that it is somewhat similar to the one that has just been voted upon. I desire to call attention to the difference. The amendment now offered does not apply to the present moratorium; the amendment is intended to come in the joint resolution immediately after section 5 and refers to future moratoriums only. It does not go any further than simply to provide that as to future moratoriums—it has nothing to do with the one we are now considering, but that as to future moratoriums, if there shall be any, "no further postponement of the indebtedness of foreign countries to the United States shall be considered by Congress unless and until the European nations indebted to the United States on account of the prearmistice war loans shall have effectively assented in a form satisfactory to the President to the reformation of the Versailles treaty." It does not attempt to go into any detail as to the Versailles treaty. It says nothing about the mandates. It has no application to anything but a future moratorium.

Unless there are some questions, Mr. President, I think that explains the difference between the amendments.

The VICE PRESIDENT. The question is on the amendment offered by the senior Senator from Nebraska on behalf of his colleague [Mr. HOWELL].

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). Repeating the same announcement as on the preceding vote, I have a general pair with the junior Senator from Nevada [Mr. ODDIE], who is unavoidably absent from the Chamber. I understand, however, that if he were present he would vote "nay." Therefore I am at liberty to vote, and I vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence I withhold my vote.

Mr. GORE (when his name was called). I repeat my announcement that I am paired for the evening with the senior Senator from Virginia [Mr. SWANSON]. He left no statement as to how he would vote on this question. I withhold my vote.

Mr. NORRIS (when Mr. HOWELL's name was called). Repeating the announcement of the pair of my colleague, I desire to state that if he were present he would vote "yea."

Mr. MOSES (when Mr. KEYES's name was called). Repeating the announcement of the unavoidable absence of my colleague, I wish to say that if he were present he would vote "nay" on this proposition.

Mr. ROBINSON of Indiana (when his name was called). Again announcing my general pair with the junior Senator

from Mississippi [Mr. STEPHENS], and not knowing how he would vote on this question, I withhold my vote.

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the junior Senator from West Virginia [Mr. NEELY], who, if present, would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. BARKLEY. My colleague [Mr. LOGAN] is necessarily absent from the Senate. I am not authorized to make any announcement as to how he would vote on this amendment.

Mr. FESS. I repeat the announcement in reference to the Senator from Colorado [Mr. WATERMAN], that if he were present he would vote "nay."

The result was announced—yeas 16, nays 63, as follows:

YEAS—16

Blaine	Costigan	Johnson	Nye
Brookhart	Cutting	La Follette	Schall
Bulow	Dill	Norbeck	Wagner
Copeland	Frazier	Norris	Wheeler

NAYS—63

Ashurst	Connally	Hayden	Shortridge
Austin	Coolidge	Hebert	Smith
Bailey	Dale	Hull	Smoot
Bankhead	Dickinson	Jones	Steinwer
Barbour	Fess	Kean	Thomas, Idaho
Barkley	Fletcher	Kendrick	Thomas, Okla.
Bingham	George	King	Townsend
Black	Glass	Lewis	Trammell
Borah	Glenn	McGill	Tydings
Bratton	Goldsborough	McKellar	Vandenberg
Broussard	Hale	McNary	Walcott
Bulkley	Harris	Morrison	Walsh, Mass.
Byrnes	Harrison	Moses	Walsh, Mont.
Capper	Hastings	Patterson	Watson
Caraway	Hatfield	Reed	White
Carey	Hawes	Sheppard	

NOT VOTING—16

Couzens	Keyes	Oddie	Shipstead
Davis	Logan	Pittman	Stephens
Gore	Metcalf	Robinson, Ark.	Swanson
Howell	Neely	Robinson, Ind.	Waterman

So the amendment offered by Mr. NORRIS for Mr. HOWELL was rejected.

Mr. JOHNSON. Mr. President, I offer the following amendment:

At the end of line 24, page 2, add the following:
 "Reparations," as used in this section, means conditional and unconditional reparations."

I do that in order to make this joint resolution conform to what the President of the United States said it was.

I offer the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California.

Mr. JOHNSON. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I make the same announcement as on the previous roll call as to my pair with the junior Senator from Nevada [Mr. ODDIE]. I do not know how he would vote on this amendment, and therefore I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence I withhold my vote.

Mr. GORE (when his name was called). I withhold my vote on account of my previously announced pair with the senior Senator from Virginia [Mr. SWANSON].

Mr. NORRIS (when Mr. HOWELL's name was called). My colleague [Mr. HOWELL] is detained from the Senate on account of illness. He is paired with the senior Senator from Arkansas [Mr. ROBINSON]. If my colleague were present, he would vote "yea" on this question.

Mr. MOSES (when Mr. KEYES's name was called). Again announcing the unavoidable absence of my colleague [Mr. KEYES], I desire to say that if he were present he would vote "nay" on this proposal.

Mr. ROBINSON of Indiana (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. SHIPSTEAD. Making the same announcement as before, I withhold my vote. If I were at liberty to vote, I should vote "yea."

The result was announced—yeas 12, nays 66, as follows:

YEAS—12

Blaine	Cutting	Lewis	Norris
Brookhart	Frazier	McKellar	Nye
Bulow	Johnson	Norbeck	Schall

NAYS—66

Ashurst	Copeland	Hayden	Smoot
Austin	Costigan	Hebert	Steinwer
Bailey	Dale	Hull	Thomas, Idaho
Bankhead	Dickinson	Jones	Thomas, Okla.
Barbour	Dill	Kean	Townsend
Barkley	Fess	Kendrick	Trammell
Bingham	Fletcher	King	Tydings
Black	George	La Follette	Vandenberg
Borah	Glass	McGill	Wagner
Bratton	Glenn	McNary	Walcott
Broussard	Goldsborough	Morrison	Walsh, Mass.
Bulkley	Hale	Moses	Walsh, Mont.
Capper	Harris	Patterson	Watson
Caraway	Harrison	Reed	Wheeler
Carey	Hastings	Sheppard	White
Connally	Hatfield	Shortridge	
Coolidge	Hawes	Smith	

NOT VOTING—17

Byrnes	Keyes	Pittman	Swanson
Couzens	Logan	Robinson, Ark.	Waterman
Davis	Metcalf	Robinson, Ind.	
Gore	Neely	Shipstead	
Howell	Oddie	Stephens	

So Mr. JOHNSON's amendment was rejected.

Mr. JONES. Mr. President, I think I ought to advise the Senate that as soon as this matter is disposed of I propose to report from the Committee on Appropriations the concurrent resolution for adjournment.

Mr. NYE. Mr. President, I now move the adoption of the amendment which I sent to the desk earlier in the afternoon. I ask to have it read.

The VICE PRESIDENT. The amendment will be read.

The Chief Clerk read as follows:

On page 3, after line 15, insert the following:

"Sec. 6. Be it further resolved, That the Federal land banks be, and hereby are, authorized and ordered to enter into agreements with such borrowers from the said banks as desire such an opportunity to postpone the payment of any amount payable during the fiscal year beginning July 1, 1931, by such borrower to the said banks. Each such agreement shall provide for the payment of the postponed amounts, with interest and installments to be arranged on the same basis as are the interest and installment arrangements afforded in the agreements with those countries named in section 1 of this resolution. Where a postponement of payments by borrowers shall make it impossible for the land banks to meet their obligations to bondholders, the Treasury of the United States shall advance to the land banks such funds as may be required not exceeding the total amount of payments postponed."

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. NYE. I ask for the yeas and nays.

Mr. HARRISON. Mr. President, I expect to vote against this amendment, although I am very much in favor of some character of legislation at an early date that will give some relief to persons who are unable to meet their installment payments to Federal land banks. The House has already passed a bill that seeks to strengthen the land banks with a provision which the committee is now working upon to broaden that will assure that relief. It is because of that fact, and the fact, too, that such legislation attached to this proposal may delay or defeat both propositions. I am going to vote against the Senator's amendment.

Mr. NORRIS. Mr. President, the proposition of not favoring an amendment on one bill and favoring it on another one that is not here, is a proposition with which we have been familiar for some time.

It will be remembered that in the last Congress we had before us a farm bill, now known as the Federal farm marketing act. It was President Hoover's bill for the relief of suffering agriculture in the United States. When that bill was before the Senate I offered an amendment, and it was

agreed to by the Senate, providing for what is known as the debenture plan for the relief of agriculture.

The Senate agreed to the amendment. It went to the House of Representatives, where it was rejected. In conference the Senate conferees receded, and the argument made, not only in the debate but over the country and by the conferees, was that the proper place for that kind of an amendment was not on that particular bill; that we were going to have a tariff bill coming along pretty soon, and that the proper place for that kind of an amendment was on the tariff bill, because it dealt somewhat with the tariff.

I was one of the conferees. We battled over that for more than a week, and we were continually met with the argument, "This is not the right place for that amendment. We will get it when we get to the tariff bill. We are all anxious to relieve the farmer." Many of them said, "We are for this proposition. We are willing to suffer and die for the farmer, but we do not want to suffer and die on this bill. Save it for another one."

It finally went out. The tariff bill came along, and I offered the amendment again to the tariff bill, the Senate agreed to it again, and it went to conference, the House having rejected it. The amendment was rejected by the conference committee, and one of the arguments used was, "This is not the right place for that—on a tariff bill." Others had forgotten about their willingness to suffer and die for the benefit of the poor farmer, and the amendment was taken out of the tariff bill and passed out into the cold.

Now we have a proposition extending a moratorium to European nations which owe us money, and we even inaugurate it. We say to them, "You are hard up. Do not pay us now. Keep your money. Build some more ships with it. Equip a bigger army. Build up a couple of big navy vessels, each of you, and use this money which you owe us. We will wait."

Out over our country, through the South particularly, and through the West, farmers are losing their homes. They are harder up than the people in any European nation. Some of them have raised a crop, and those who have raised a crop can not sell it for any money. It is not worth anything. They can not pay their mortgages. They owe the money practically to the United States Government. It does not amount to nearly as much as the interest we are postponing now to foreign countries who owe us money.

It is proposed now that we treat the suffering farmers of the United States on the same basis on which we are going to treat our creditors over in Europe, and we are told, "This is not the place for a farmers' moratorium. This is not the bill on which we should give relief to the American farmer. We are now helping the farmers of Europe. We are now voting to give a moratorium to the European nations in order that they may build some more battleships. But do not try to help the American farmer. It is not the right time and this is not the proper place. Let him go."

It seems to me, Mr. President, that if there ever was an amendment which was applicable to the subject matter under consideration, this is that amendment, and God knows, and we know, that there are no people under our flag who are suffering as are our farmers. They have toiled, they have worked, they have sweat; their crops have been blasted, or, if they have raised crops, they are not able to get enough for them to pay the expenses of the production of the crops.

Many of them will have to be kept like those who are out of employment, by some instrumentality of charity. Some of them are now being kept that way. Many more will be in that condition before the cold winter's blasts will be past and spring shall come again.

It seems to me, Mr. President, that if we want to do justice to the farmers who owe us money, we should say to them, "We will give you a moratorium."

They are not like the European nations, many of which had the money to pay what they owed. My colleague stated on the floor of the Senate that one of them had actually paid what was due on the 15th of December, and that it was

now in the hands of the Secretary of the United States, being held awaiting the action of Congress, and when that action is announced it will be returned.

Many of our farmers are pleading for a moratorium. I could fill the CONGRESSIONAL RECORD with letters and petitions asking for time. I see one of my friends from the southern part of the United States now honoring me with his attention. I have heard from his lips the story of suffering among the farmers in his State. I have heard such stories from Senators on this side. Foreclosures are being made to collect when it is known in advance the farmers can not pay. While we are postponing debts where the debtors can pay, we are refusing to postpone debts to our own people where they can not pay.

Throughout portions of the West the papers are filled with advertisements of sheriffs' sales, the filing of petitions in bankruptcy, the foreclosing of mortgages on the homes of American citizens. If we refuse to foreclose, they will not be able to build battleships; some of them will not even be able to live through the winter without help, and all without any fault of their own. They have not had money to squander for worse than useless things as these nations whose debts we propose to postpone have.

It strikes me that here is the opportunity, if we want to treat our farmers with the same liberality with which we treat our creditors across the water; this is the place, and now is the time to do it.

If this amendment is agreed to, some money will be required from the Treasury of the United States, perhaps, to pay the interest on the bonds which are to be issued; but that interest will not be a tithe in amount compared with the \$250,000,000 which we are extending to foreign nations.

Mr. NYE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. I yield.

Mr. NYE. I am driven to wonder whether the Senator from Nebraska has concluded that the chances of the farmers enjoying something under this joint resolution would be in any wise improved if they would pledge themselves to spend what they would be excused from paying immediately for battleships.

Mr. NORRIS. Mr. President, I referred a few minutes ago to the fact that these farmers have not lost their money, they are not in this condition of being unable to pay, because they have been building battleships or expending their money for useless purposes.

It is conceded that the very foundation of our civilization, agriculture, has been sick for more than 10 years. Some of it is decaying, and when the condition which confronts the civilized world shall have passed, when the leveling process takes place, as it will eventually, we will see then that millions of our farmers now owning homes, the heads of families, will become tenants. Their land will be owned by the millionaire class.

We have already gone so far toward the concentration of wealth within a few hands that, as shown by the returns of the Bureau of Internal Revenue, the net incomes of 504 men and women in the United States are practically equal to the total value of all the wheat crop and all of the cotton crop produced in the United States in 1930. The gross income of the wheat farmer and the cotton farmer was just equal to the net income of 504 men and women.

Does not that teach us a lesson? Are we not reaching the point where the concentration of wealth in the hands of a few is going to crush the life out of the millions who do not have the wealth? Yet at the bottom of it all is the American farmer. He has been suffering longer than the business man, longer than the laboring man.

We told you 10 years ago that if you would not bring relief to the American farmer you could not expect the producers of our foods to remain in a condition where the cost of production is more than they could get for their products without eventually bringing down upon them, and with them, the entire structure of our civilization. That time has nearly

arrived. Men in all walks of life are now in the terrible throes of this awful depression. Now we have a chance to treat the American farmer on the same basis that we propose to treat the European nations—the American farmer who has not sinned, the American farmer who has not gotten into the condition in which he now finds himself on account of any fault of his own. All we ask is that he be treated as well as the European nation that is in the condition it is now because of its own extravagance, because of its own useless and wicked expenditures in preparation for another great war.

Mr. MORRISON. Mr. President, the fallacy of the Senator's argument seems to me to consist in the assumption that farmers owe the United States Government anything. The moratorium is a proposition to postpone debts due to the United States by the foreign countries named. I would concur in every word he uttered in support of the amendment if it were true that the farmers, in the depressed times in which we find ourselves, were indebted to the United States; but they are not so indebted and therefore I do not think his analogy can stand the test of reason.

We are proposing to do something for the farmers of the very character which the Senator so eloquently demands shall be done. The House of Representatives has already passed a bill and it is before the proper committee of this body, doing in an orderly and I think intelligent way, exactly what he demands shall be done.

Mr. FRAZIER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from North Dakota?

Mr. MORRISON. I yield.

Mr. FRAZIER. I want to correct the statement of the Senator from North Carolina. The House passed a bill authorizing an appropriation of \$100,000,000 for the Federal land and stock banks, but not for a moratorium.

Mr. MORRISON. I think the Senator is mistaken. The provision of the bill is not satisfactory to me, and I shall advocate an improvement in it with all the zeal I can command, but it does provide for increasing the capital of the farm land bank to double the amount with which it was first set up. It is further provided in the bill as follows:

Each Federal land bank is authorized, when in the judgment of the directors conditions justify it, to extend, in whole or in part, any installment or installments upon any mortgage that may be unpaid, and to accept payment of such unpaid installment or installments during a period of five years or less thereafter, to be paid in equal amounts in addition to the regular installments to become due during such period.

That bill has passed the other House and is before this body. I think it ought to be amended by providing, "And for the purpose of carrying out this provision \$25,000,000 is authorized to be used by the Treasury," because this bank is a bank and while the United States Government, under the leadership of the great Democratic President who last served us, provided the capital to authorize this bank and set up its machinery. It has its money back. It is a legal entity, and contracts with it are just as private as with any other private banking company in the Republic.

But on account of the distressed condition of the farmers and because they, as other classes, find themselves unable to finance themselves, the House of Representatives passed this measure doubling the capital of that bank, and under its provisions, if they can sell the bonds, they can find a billion dollars in new capital to loan the farmers of the country. The capital of the land banks ought not to be consumed or diminished by a moratorium, but the Government ought to provide a special fund, in my judgment and in the judgment of many other Senators, some of them members of the Banking and Currency Committee, that will enable them to grant these extensions or moratoriums to the farmers.

I think we are on the way to doing in full and splendid measure what the Senator from Nebraska demands. I hope that this great and beneficent movement, now in concrete form and before this body, will not be destroyed by a premature and, in my judgment, almost unprecedented effort to fix a banking bill touching the very foundation of this

great land-bank system, the preservation and life of which is so important to agriculture in this country, by an amendment like this tacked onto a great patriotic movement on the part of this Nation to extend to the distressed nations indebted to it a postponement for a short while of their indebtedness to us. I think it would be an excrescence upon the pending measure which ought not to be placed there and which would not help the farmers and would not in any measure benefit anybody. I hope it will be voted down.

When the proper time comes, and it will soon, I would be willing to miss my Christmas dinner, to say nothing of a vacation, to have this House bill enacted into law with an amendment that would furnish the land banks the money with which to grant a moratorium to all distressed farmers who owe the banks money.

Mr. NORRIS. Mr. President, the Senator has answered his own argument. He says we must not put the moratorium on this measure because the moratorium is dealing with a bank, a legal entity, and then he reads a bill which offers the same moratorium through the instrumentality of that same legal entity. If we can not grant a moratorium on the pending resolution because we are dealing with a legal entity, then we can not grant a moratorium or compel a moratorium in the very bill that he recites and reads to us.

Mr. MORRISON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. NORRIS. I yield.

Mr. MORRISON. The Senator seems to misunderstand my argument. I said that the farmers do not owe the money to the United States. They owe it to the bank, and if we want the bank to grant them a moratorium, we ought to give the bank the money with which to do it.

Mr. NORRIS. All right; and we propose in the amendment of the Senator from North Dakota to pay the interest that will become due on the land-bank loans or bonds that have been issued. That is done by this amendment. But it is just as bad to put this amendment on another bill as it would be on this measure. It strikes me, Mr. President, that when we are dealing with moratoriums we ought to finish with moratoriums. If we have a right to pass the bill to which the Senator has referred, then for the same reason we can adopt this amendment. If we can not do anything in the way of this farm land bank aid, then we will be unable to do it when his bill comes up. If that is correct, what a terrible catastrophe it would be, because the Senator from North Carolina would have lost his Christmas dinner. [Laughter.]

Mr. BARKLEY. Mr. President, I have no desire to detain the Senate long and shall not do so. I am in full sympathy with the purpose of the Senator from Nebraska [Mr. NORRIS] and the Senator from North Dakota [Mr. NYE] with reference to granting Federal aid to the land banks so they may in turn grant it to the farmer. I do not believe, however, it ought to be added on to this measure if we desire to do it. I am not certain that the language contained in the amendment would accomplish the purpose we might desire. Besides that, to-morrow a subcommittee of the Committee on Banking and Currency is to hold a meeting to act upon all these measures and especially the measure which has passed the House of Representatives dealing with the whole land-bank problem.

I have no doubt that whatever date we may set for our reassembling after the holidays the Committee on Banking and Currency will be ready to report a bill covering the whole situation to be dealt with on its merits and independently of any other measure, and for that reason I think it unwise to add this amendment to this particular measure and thereby possibly complicate not only the moratorium situation but the land-bank situation as well.

Mr. NORBECK. Mr. President, the amendment offered by the Senator from North Dakota [Mr. NYE] proposed to grant a moratorium to all farmers who were borrowers from the Federal farm loan banks. It is very general in its terms, and includes the whole United States. It is not limited to

the crop-failure areas. I shall vote against granting a moratorium to the European nations who are indebted to this country. I do this partly because I believe that a general moratorium is the beginning of the end. One request for extension will follow another one until the moral responsibility is lost. We are granting extensions to those who can pay and to those who can not pay. It is too broad.

This amendment should not be considered farm relief, for only a small part of the farmers are borrowers from the farm loan system—I think about 12 per cent; and out of those 12 per cent a majority are able to make their payments. The distress in my State, and other States in the Northwest, is general, on account of the worst crop failure since the settlement of the country, and it would be a splendid thing if moratoriums could be granted on payments due and about to become due. But I would not call it farm relief; the term is too broad.

Nothing is farm relief except a better price for all the farmer sells—a better exchange value for his commodities—in other words, something for his labor. This will not only bring prosperity on the farm but it will bring it to the industrial centers also. We are still at the wrong end. Additional credit schemes are only temporary help. The farmer has borrowed more than he is able to pay now.

It has been suggested that the bill which has passed the House, providing for additional capital for the farm-land banks, will in effect meet this situation of granting moratoriums. It does propose to grant extensions where they are necessary. So far, so good. I think this is sound in principle.

Mr. FRAZIER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from North Dakota?

Mr. NORBECK. I yield.

Mr. FRAZIER. In the moratorium there is nothing about ability to pay on the part of European governments.

Mr. NORBECK. But the Senator will not vote for this moratorium.

Mr. FRAZIER. No; and I am not going to vote for it unless we give the farmer the same relief that it is proposed to give to the European nations.

Mr. NORBECK. For the information of the Senate I will state that the bill which has passed the House carries a provision which was not in the bill when first drafted. This amendment is, in effect, an effort to place a double liability on the stockholder of the farm-loan bank. The farmer borrower is also the stockholder, for 5 per cent of his loan is retained by the farm-loan system, for which stock is issued. Now it is proposed to withhold the promised dividend until such a time as the surplus is equal to the capital. It is proposed to change the contract that he entered into, and change it without his consent. It proposes to put an additional burden upon him. If the House insists on this provision, the bill, to my mind, will be of limited value.

I do not like this amendment proposed by the Senator from North Dakota. It is not the best kind of a plan, but, in view of the uncertainty of securing moratoriums for those farmers who are unable to make their payments this year in the area where crops have failed, I shall support the amendment offered.

I would like it much better if the Senator from North Dakota would limit his amendment to the area where crops have failed, to those farmers who are unable to make their payments. Will not the Senator do it?

Mr. NYE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from North Dakota?

Mr. NORBECK. Yes.

Mr. NYE. Would not the Senator be quite content if the amendment were changed to provide that this aid or this moratorium shall be granted to such borrowers as may request it?

Mr. NORBECK. No; almost all the borrowers will request it.

Mr. NYE. I do not think that is altogether fair, although it might be true to some extent. There are, however, farm-

ers who are as thorough as is the most thorough business man, and they would welcome the opportunity that might be afforded them to reduce their own debts, if they could, rather than to carry on and take advantage of a moratorium.

Moreover, Mr. President, if we were going to limit the amendment to the drought area, at once there would be a never-ending squabble over the question of where that drought line began and where it ended. I do not see how the provision could be properly administered with such a restriction.

Mr. NORBECK. The Senator must realize that there is a penalty connected with a plan of this kind. When we grant moratoriums we have started something. Here is a farm-loan system that is functioning to some extent; it is helping thousands of farmers. I do not like to break it down, even though one can make a very good defense for a movement of that kind, as he can for a good many things in times like these.

Mr. BROOKHART. Mr. President, may I ask the Senator from South Dakota a question?

Mr. NORBECK. Certainly.

Mr. BROOKHART. I do not understand, Mr. President, that the amendment of the Senator from North Dakota is pending before the Banking and Currency Committee. I have attended every meeting of that committee, and I think both the Senator from Mississippi [Mr. HARRISON] and the Senator from Kentucky [Mr. BARKLEY] are mistaken in claiming that we are considering that proposition at all. The proposition we have before the Banking and Currency Committee is one to raise \$2,000,000,000 to help the railroads, the banks, the insurance companies, and institutions of that kind. There is not a thing before it designed to help the farmers.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Kentucky?

Mr. BROOKHART. I yield.

Mr. BARKLEY. The Senator from Iowa certainly knows that there is a subcommittee of the Banking and Currency Committee dealing with the whole farm-loan bank situation; that the bill which passed the House the other day has been referred to the Banking and Currency Committee and is one of the bills to be considered to-morrow by the subcommittee on the Banking and Currency Committee which has been appointed for that purpose.

Mr. BROOKHART. Yes, sir; but that is the bill to which the Senator from North Carolina [Mr. MORRISON] referred and that is a different proposition.

Mr. BARKLEY. Yes—

Mr. BROOKHART. It is different from the amendment of the Senator from North Dakota [Mr. NYE].

Mr. BARKLEY. There is no contention here that the amendment in the form of a bill which has been submitted by the Senator from North Dakota is now pending before the Banking and Currency Committee, because no such bill has been introduced in those terms, but the subcommittee is dealing with the whole question. I am a member of that subcommittee, and, after conference, I think that to-morrow the subcommittee will report favorably upon legislation dealing with this problem, and adequately dealing with it.

Mr. BROOKHART. Will the subcommittee report the proposition we are now considering, namely, the amendment of the Senator from North Dakota?

Mr. BARKLEY. I have no authority to bind the members of the committee by anything I might say, but, if the proposition is submitted to that subcommittee, I can assure the Senator it will be given careful consideration.

Mr. BROOKHART. I do not think that proposition is at all involved in the measures submitted to the consideration of the committee.

Mr. CAREY. Mr. President, as chairman of the subcommittee dealing with the farm-loan banks, I should like to say that the question of moratoriums will be considered in connection with the bill that is now pending before that committee. If the Senator from Iowa will read the House bill, he will find that that bill provides for a kind of mora-

torium. I hope that we may be able to work out something better; something that will help the farm-loan banks and will also give relief to the farmers.

Mr. BROOKHART. There are different kinds of moratoriums. The pending amendment provides for a real one and for a method of carrying it out.

Mr. CAREY. I want to say to the Senator that I hope we can provide relief for the farmers and at the same time not break down the farm-loan banks.

Mr. BLAINE. Mr. President, will the Senator yield to me for a question?

The PRESIDENT pro tempore. The Chair understands that the Senator from Wyoming has yielded the floor.

Mr. BLAINE. As I understand, the bill before the subcommittee is a bill providing a hundred million dollars; it relates only to the Federal land banks, and can not embrace any other farmers than those who have come under the Federal land banks. That only involves about one-eighth or one-ninth of all the farmers of the country. What does the subcommittee propose to do with the farmers not included in the bill who are in the same distress?

Mr. CAREY. I do not believe that we have any jurisdiction or any right to grant moratoriums in the case of loans made by private banks. I am only referring to the farm-loan banks.

Mr. BLAINE. Let me ask the Senator another question. It has been stated that the subcommittee was going to deal with the whole question of the extension of credit to farmers. I should like to inquire whether or not the subcommittee is going to consider only those farmers who are included within the Federal land-bank system, or is the committee going to give consideration to all the farmers of the country who are situated likewise?

Mr. CAREY. My thought was that, considering the emergency, we should first act upon the measure providing for additional capital for the farm-loan banks, taking care of a moratorium for the borrowers from such banks. Later on I hope the committee can make a thorough investigation of farm credits and perhaps report legislation that will bring about the necessary relief.

Mr. BLAINE. If the Senator will permit me further, the present emergency affects all the farmers of the country equally with those farmers within the Federal land banks. Why grant a special privilege to a very small portion of the farmers because of an emergency that affects identically the same all the farmers of the country?

Mr. CAREY. I feel that we should first dispose of this measure, which will not take so much time or so much study, and then take time to make a thorough study of the entire subject. I do not think we can work that all out within the few days before Congress shall again convene. I hope, however, to have this measure in a condition to be reported to the Senate immediately on the reconvening of Congress.

Mr. MORRISON. Mr. President, I merely want to say that, if the farm loan bank bill which has been passed by the House could be enacted into law and farm-loan bonds could be reestablished in public confidence and sold, about a billion dollars of new money would be provided for farmers who are not now in debt to the farm banks but who could get the money which, at least in many sections of the country, they can not get elsewhere.

Mr. SMITH. Mr. President, before the vote is taken I want to make a statement. The bill that has been passed by the House of Representatives has incorporated in it the principle of bills which have been introduced in preceding Congresses, including a bill introduced in the first session of the last Congress. It embodies a principle that several of us have been endeavoring to have incorporated into the law. It was not as liberal as we had hoped it might be, but since the bill has passed the House and come over to the Senate, I have reason to believe that certain amendments will be placed on it that will make it meet as nearly as possible the necessities of the case. I do not think that that proposed legislation should be restricted, as it would be of necessity, in view of the conditions if we were called upon to vote on it at this time.

I do not believe there is a Senator on this floor but who feels the absolute necessity of enacting some legislation looking to the relief of the inexpressibly frightful condition of the farmers of this country. When that bill will come before this body I sincerely hope that every Senator will give it the support which it deserves. At that time we shall not be limited to the few minutes which are now available to us to discuss such an important question.

I do not want to be put in the attitude of voting against a principle for which I have worked so hard and which I believe to be so necessary; and I desire it to be thoroughly understood that in voting against this amendment, as I shall vote against it, in no manner is my vote an indication that I am indifferent to the frightful condition of the farmers of this country. I shall give all the time and attention that is necessary to the consideration of the bill to which the Senator from North Carolina has referred.

I say this much in explanation of the vote I shall cast. I do not think that the moratorium or any other measure that may come before this Congress is comparable in importance to legislation designed to ameliorate the distressed condition of the farmers and to provide also against an absolute breakdown of the financial system that has obtained until the present time. Despite the untold millions that we have at our command, we have not yet formulated any law by which people can be employed and the wealth of the country equitably distributed. With millions upon millions of people hungry and starving and a surplus of food, naked and a surplus of clothing, we sit down here and say that we must not violate the law or precedents, that we must hold on to that which has submerged our civilization and ruined us economically. We are to-day penalizing thrift. We are saying to our people the only way you can get along is to cease production; we have too much and must restrict production, while millions are hungry, naked, and starving.

If we can do no better, let us palliate the condition for the time being and then go to the roots of this matter and see if our financial and monetary system is not to blame for these periodic crises that come.

We have solved the problem of transportation. We have solved the problem of communication. We are rapidly driving disease from the country, and yet we have not statesmanship enough or men of capacity enough to solve the problem of an equitable distribution of the marvelous abundance of wealth with which Providence has blessed us.

That is the problem that confronts Congress and confronts the American people—not to relieve a handful of farmers here and there, but to bring back the hope of reward for industry, giving to those who produce the wealth of this country the right and opportunity to share the wealth that they produce, and not make them peons on the domain of a favored few.

It is a big problem, and one to which we ought to address ourselves. Instead of calling the great magnates of wealth before our committees we ought to call in the yeomanry of this country and the men who work in the factories and hear the men who are suffering under this horrible condition. We are filling our committees with the very men who are responsible for this horrible condition, and asking the perpetrators of it to suggest to us a remedy.

No, Mr. President! The time has come for us to meet this condition. It is brand-new. We are in a new world. We have no precedent. I am having tabulated now the actual money that is needed to carry on our moving-picture industry, our radio industry, and our automobile industry. Those are brand-new to the world; and, according to the advance sheets already rendered, it will take double the currency, the actual cash in this country, to carry on those industries and leave nothing but a mere basis of credit for the great fundamental industries of this country!

It is time for some of us to take a broader and profounder view of this calamity that has overtaken civilization in the midst of the greatest facilities for production in farm, field, and factory that civilization ever knew.

Mr. FRAZIER. Mr. President, I agree with what the Senator from South Carolina [Mr. SMITH] has said with

regard to the condition of the farmer, that something must be done to help him; but it seems to me we are making a mighty poor start here to-night.

This amendment to give the farmers a moratorium for their debts—part of them, at least—undoubtedly will be voted down. We undoubtedly will vote by a big majority to give the European nations a moratorium of \$250,000,000 that some of them at least do not need, and to help the international bankers of Wall Street. That is what this joint resolution is being put across for, and it will be of no benefit to the farmers of this country, either. It will put upon the farmers as well as the other taxpayers of this country the burden of paying the \$250,000,000 that are set aside by this moratorium that will be passed here to-night.

Mr. President, I think it is high time that the farmers of this country who produce the wealth of the Nation, who produce the food products to feed the Nation, should be given some attention.

The farmers of the South need a moratorium as much as the farmers of the Middle West and West and Northwest. Oh, yes; they are broke down there, just as they are in every other part of the United States. They are broke right here in the East, too. The farmers are broke and going out of business by the wholesale because they can not sell their products for the cost of production. They can not get money with which to pay their debts.

Here the United States Congress, who are responsible, if you please, for the farmer's condition to-day—yes, they are—are voting for a moratorium on war debts to the amount of \$250,000,000 and denying the farmers, under this joint resolution, the right to the same privilege of a moratorium for a year.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. NYE]. On this question the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). Making the same announcement as on the preceding roll call, I have a general pair with the junior Senator from Nevada [Mr. ODDIE], who is unavoidably absent. Because I do not know how he would vote upon this amendment, I will withhold my vote. If at liberty to vote, I should vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence I withhold my vote.

Mr. GORE (when his name was called). I again announce my pair with the senior Senator from Virginia [Mr. SWANSON], and withhold my vote.

Mr. NORRIS (when Mr. HOWELL's name was called). Again I desire to announce that my colleague [Mr. HOWELL] is absent on account of illness. He is paired with the Senator from Arkansas [Mr. ROBINSON]. If my colleague were present, on this question he would vote "yea."

Mr. FESS (when Mr. KEYES's name was called). The junior Senator from New Hampshire [Mr. KEYES] is unavoidably detained from the Senate. Were he present, he would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Repeating the announcement of my general pair with the junior Senator from Mississippi [Mr. STEPHENS], I withhold my vote.

Mr. SHIPSTEAD (when his name was called). I am paired with the Senator from West Virginia [Mr. NEELY]. If present, he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. TYDINGS (when his name was called). Making the same announcement as on the preceding roll call, I vote "nay."

The roll call having been concluded, the result was announced—yeas 15, nays 60, as follows:

YEAS—15

Black	Costigan	McGill	Nye
Blaine	Frazier	McKellar	Schall
Brookhart	Harris	Norbeck	Thomas, Okla.
Bulow	Johnson	Norris	

NAYS—60

Ashurst	Coolidge	Hawes	Shortridge
Austin	Copeland	Hayden	Smith
Bailey	Dale	Hebert	Smoot
Bankhead	Dickinson	Hull	Stelwer
Barbour	Dill	Jones	Thomas, Idaho
Barkley	Fess	Kean	Townsend
Bingham	Fletcher	Kendrick	Trammell
Borah	George	King	Tydings
Bratton	Glass	Lewis	Vandenberg
Broussard	Glenn	McNary	Wagner
Bulley	Goldsborough	Morrison	Walcott
Capper	Hale	Moses	Walsh, Mass.
Caraway	Harrison	Patterson	Walsh, Mont.
Carey	Hastings	Reed	Watson
Connally	Hatfield	Sheppard	White

NOT VOTING—20

Byrnes	Howell	Neely	Shipstead
Couzens	Keyes	Oddie	Stephens
Cutting	La Follette	Pittman	Swanson
Davis	Logan	Robinson, Ark.	Waterman
Gore	Metcalf	Robinson, Ind.	Wheeler

So Mr. NYE's amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 3, after line 15, it is proposed to insert a new paragraph to read as follows:

It is hereby declared to be the sense of the Congress of the United States, in the light of documentary evidence accumulating since 1919, that the Government of the United States ought to take such steps as will make it clear that it no longer will permit itself to be regarded even by implication under the terms of the treaty of Berlin of June, 1921, as acquiescing in the formal charge made in article 231 of the treaty of Versailles to the effect that Germany alone was responsible for the war terminated by those treaties.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. SHIPSTEAD. On that I ask for the yeas and nays.

The PRESIDENT pro tempore. On this question the yeas and nays are demanded. Is the demand sufficiently seconded? [After a pause.] Apparently, it is not sufficiently seconded.

Mr. NORRIS. Mr. President, I suggest to the Chair that quite a number of hands went up after the Chair's vision, as it seemed to me, had passed by and gone to the other side. I hope the Chair will put the request again.

The PRESIDENT pro tempore. Very well; the Chair will state the question again.

On this question the yeas and nays are demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). Making the same announcement as on the preceding vote of my pair with the junior Senator from Nevada [Mr. ODDIE], I withhold my vote. If permitted to vote, I would vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], and in his absence I withhold my vote.

Mr. GORE (when his name was called). I repeat the announcement previously made with regard to my pair with the senior Senator from Virginia [Mr. SWANSON].

Mr. NORRIS (when Mr. HOWELL's name was called). Repeating my announcement in regard to my colleague's illness and pair, I desire to state that if he were present, on this question he would vote "yea."

Mr. FESS (when Mr. KEYES's name was called). Repeating the announcement of the unavoidable absence from the Chamber of the junior Senator from New Hampshire [Mr. KEYES], I desire to state that if he were present he would vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. SHIPSTEAD (when his name was called). On this vote I am paired with the junior Senator from West Virginia [Mr. NEELY], and withhold my vote. If permitted to vote, I would vote "yea."

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "nay."

Mr. FESS (when Mr. WATERMAN's name was called). I again announce the necessary absence of the Senator from Colorado [Mr. WATERMAN].

The roll call was concluded.

The result was announced—yeas 10, nays 64, as follows:

YEAS—10			
Blaine	Frazier	Norris	Wheeler
Brookhart	Johnson	Nye	
Bulow	La Follette	Schall	
NAYS—64			
Ashurst	Coolidge	Hawes	Sheppard
Austin	Costigan	Hayden	Shortridge
Bailey	Dale	Hebert	Smith
Bankhead	Dickinson	Hull	Smoot
Barbour	Dill	Jones	Steiwer
Barkley	Fess	Kean	Thomas, Idaho
Bingham	Fletcher	Kendrick	Thomas, Okla.
Black	George	King	Townsend
Borah	Glass	Lewis	Trammell
Bratton	Glenn	McGill	Tydings
Broussard	Goldsbrough	McKellar	Vandenberg
Bulkley	Hale	McNary	Walcott
Capper	Harris	Morrison	Walsh, Mass.
Caraway	Harrison	Moses	Walsh, Mont.
Carey	Hastings	Patterson	Watson
Connally	Hatfield	Reed	White
NOT VOTING—20			
Byrnes	Gore	Neely	Shipstead
Copeland	Howell	Oddie	Stephens
Couzens	Keyes	Pittman	Swanson
Cutting	Logan	Robinson, Ark.	Wagner
Davis	Metcalf	Robinson, Ind.	Waterman

So Mr. SHIPSTEAD's amendment was rejected.

The PRESIDENT pro tempore. The joint resolution is still on its second reading and open to amendment.

Mr. GORE. Mr. President, I think there is an amendment printed and lying on the table.

The PRESIDENT pro tempore. It has not been formally offered. Does the Senator from Oklahoma offer the amendment?

Mr. GORE. Yes; I offer it.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 2, line 1, after the word "payment," insert the words "80 per cent"; and on the same page, at the end of line 7, strike out the period and add a colon and the words "Provided, That the partial payment herein required shall be held as a special fund to be used for the relief of the unemployed."

Mr. GORE. Mr. President, the attitude of the Senate is perfectly obvious and I shall not detain Senators by speaking on the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was rejected.

The PRESIDENT pro tempore. The joint resolution is on its second reading and still open to amendment. If there is no further amendment to be proposed, the question is, Shall the joint resolution be read a third time?

The joint resolution was read a third time.

The PRESIDENT pro tempore. The joint resolution having been read three times, the question is, Shall the joint resolution pass?

Mr. JOHNSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). Again announcing my general pair with the junior Senator from Nevada [Mr. ODDIE], who is unavoidably absent, I am advised that if he were present he would vote "yea," and being permitted to vote, I vote "yea."

Mr. McNARY (when Mr. COUZENS's name was called). The senior Senator from Michigan [Mr. COUZENS] is necessarily absent. He is unable to find a pair, but if he were present he would vote "yea."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. If he were present, he would vote "yea." Therefore I am permitted to vote. I vote "yea."

Mr. GORE (when his name was called). On this question I have a pair with the senior Senator from Virginia [Mr. SWANSON]. If he were present, he would vote "yea," and if I were permitted to vote, I would vote "nay."

Mr. NORRIS (when Mr. HOWELL's name was called). I again announce that my colleague [Mr. HOWELL] is absent from the Chamber on account of illness. He is paired with the senior Senator from Arkansas [Mr. ROBINSON]. If my colleague were present, he would vote "nay." If the senior Senator from Arkansas [Mr. ROBINSON] were present and permitted to vote, he would vote "yea."

Mr. FESS (when Mr. KEYES's name was called). The junior Senator from New Hampshire is necessarily detained from the Chamber. If he were present, he would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). As previously announced, I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I am informed that if he were present, on this question he would vote the same as I expect to vote. I am therefore free to vote. I vote "yea."

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the junior Senator from West Virginia [Mr. NEELY]. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay."

Mr. TYDINGS (when his name was called). Making the same announcement as before with reference to my pair with the Senator from Rhode Island [Mr. METCALF], I vote "yea."

Mr. FESS (when Mr. WATERMAN's name was called). The senior Senator from Colorado [Mr. WATERMAN] is unavoidably detained from the Senate. Were he present, he would vote "yea."

The roll call was concluded.

Mr. HARRISON. My colleague the junior Senator from Mississippi [Mr. STEPHENS], as has been stated, is necessarily absent because of illness. If he were present, he would vote "yea."

The result was announced—yeas 69, nays 12, as follows:

YEAS—69			
Ashurst	Copeland	Hayden	Smith
Austin	Costigan	Hebert	Smoot
Bailey	Cutting	Hull	Steiwer
Bankhead	Dale	Jones	Thomas, Idaho
Barbour	Davis	Kean	Townsend
Barkley	Dickinson	Kendrick	Trammell
Bingham	Fess	King	Tydings
Black	Fletcher	La Follette	Vandenberg
Blaine	George	Lewis	Wagner
Borah	Glass	McGill	Walcott
Bratton	Glenn	McNary	Walsh, Mass.
Brookhart	Goldsbrough	Morrison	Walsh, Mont.
Broussard	Hale	Moses	Watson
Bulkley	Harris	Patterson	Wheeler
Byrnes	Harrison	Reed	White
Capper	Hastings	Robinson, Ind.	
Carey	Hatfield	Sheppard	
Coolidge	Hawes	Shortridge	
NAYS—12			
Bulow	Dill	McKellar	Nye
Caraway	Frazier	Norbeck	Schall
Connally	Johnson	Norris	Thomas, Okla.
NOT VOTING—14			
Couzens	Logan	Pittman	Swanson
Gore	Metcalf	Robinson, Ark.	Waterman
Howell	Neely	Shipstead	
Keyes	Oddie	Stephens	

So the joint resolution was passed.

PUBLIC CONSTRUCTION DURING THE EMERGENCY

Mr. LA FOLLETTE. Mr. President, out of order, I ask unanimous consent to introduce a bill to be referred to the Committee on Education and Labor; and I ask also that it may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, the bill will be received, referred, and printed in the RECORD.

The bill (S. 2419) to accelerate public construction during the present emergency, to provide employment, to create the Administration of Public Works, to provide for the more effective coordination and correlation of the public-works activities of the Government, and for other purposes, was

read twice by its title, referred to the Committee on Education and Labor, and ordered to be printed in the RECORD, as follows:

S. 2419

A bill to accelerate public construction during the present emergency, to provide employment, to create the Administration of Public Works, to provide for the more effective coordination and correlation of the public-works activities of the Government, and for other purposes

Be it enacted, etc., That it is hereby declared to be the policy of the Congress to provide for the more effective conduct and administration of Federal public-works activities; that, during the period of emergency hereby recognized to exist, public-works expenditures should be largely expanded in order to stimulate production and business activity and to alleviate unemployment; and that in pursuance of this policy it is the desire of Congress that the expenditure of the emergency funds made available by this act shall be governed, in the discretion of the Administrator of Public Works, provided for in section 2, by the following considerations:

- (1) Facility with which projects may be gotten under way at the earliest possible date.
- (2) Amount of labor that will be employed, directly or indirectly.
- (3) Number and diversity of the industries which will be affected, directly or indirectly, by said projects.
- (4) Value of the projects to the economic and social welfare of the country.
- (5) Economical administration of the work.

ADMINISTRATION OF PUBLIC WORKS

SEC. 2. (a) There is hereby established at the seat of Government an Administration of Public Works, under the direction of the Administrator of Public Works. The Administrator of Public Works shall be appointed by the President, by and with the advice and consent of the Senate. He shall receive a salary at the rate of \$15,000 per annum, and his term and tenure of office shall be like that of the heads of the executive departments.

(b) The administrator—

- (1) Shall maintain the principal office of the Administration of Public Works in the District of Columbia, and such other offices in the United States as in his judgment are necessary.
- (2) Shall cause a seal of office to be made for the Administration of Public Works, of such device as the President shall approve, and judicial notice shall be taken thereof.
- (3) Shall make such rules and regulations as may be necessary to carry out the provisions of this act.
- (4) Shall make annually, at the close of each fiscal year, a report in writing to Congress giving an account of all moneys received and disbursed by him and the Administration of Public Works, describing the work done by the Administration of Public Works, and making such recommendations as he shall deem necessary. He shall also make from time to time such special investigation and reports as may be required of him by the President or either House of Congress, or as he himself may deem necessary and urgent.
- (5) May appoint and fix the compensation of such assistant administrators and technical and scientific experts, and, subject to the provisions of the civil service laws, may appoint and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to execute the functions vested by this act in the administrator or the Administration of Public Works.
- (6) May make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, periodicals and books of reference, and for printing and binding) as are necessary to execute the functions vested in the administrator or in the Administration of Public Works. Such expenditures shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the administrator.

SEC. 3. (a) All authority, powers, and duties conferred and imposed by law on the Secretary of War and the Chief of Engineers of the United States Army relating to the improvement of rivers and harbors; the protection and preservation of navigable waters, including the establishment of harbor lines and anchorage grounds; the issuance and enforcement of regulations for the use, administration, and navigation of navigable waters; the issuance of permits for the construction, alteration, maintenance, and operation of bridges over navigable waters and other structures or works in navigable waters; the removal of wrecks and other obstructions to navigation; the supervision of the harbor of New York and adjacent waters to prevent obstructive and injurious deposits; the preservation of Niagara Falls; the construction, maintenance, operation, and repair of public buildings, monuments, memorials, roads, and bridges; the maintenance of public parks and grounds; and all other public works requiring engineering or architectural skill in their execution, except such as are for the exclusive use of the Military Establishment in providing for the national defense, are hereby transferred to and shall be held, exercised, and performed by the administrator in the same manner as if he had been directly named in the laws conferring or imposing such authority, powers, and duties.

(b) The following-named officers, commissions, boards, and branches of the public service now under the jurisdiction of the Department of War, and all that pertains to the same, except

such instrumentalities as are exclusively or chiefly employed in the construction of fortifications and other works primarily and directly connected with the national defense, are hereby transferred from the Department of War to the Administration of Public Works: The Board of Engineers for Rivers and Harbors, the Board of Engineers of New York City, the Office of the Supervisor of the Harbor of New York, the United States Engineer Offices, the Mississippi River Commission, the California Débris Commission, the Board of Road Commissioners for Alaska, the Alaska Telegraph and Cable System, Northern and Northwestern Lake Survey, municipal functions pertaining to the District of Columbia, and all other agencies and instrumentalities under the jurisdiction of the Department of War which are principally employed in the supervision or prosecution of engineering works or other public works of a nonmilitary character. All officers of the United States Army and/or Navy detailed on the date of the enactment of this act to nonmilitary and/or nonnaval duties having to do with river and harbor improvements, the Mississippi River Commission, and all other instrumentalities and functions placed under the jurisdiction of the Administrator of Public Works by the provisions of this act shall be detailed by the Secretary of War or the Secretary of the Navy to continue on such duties under the Administration of Public Works for such period, not exceeding two years, as the administrator may find necessary to make gradual transfer of such functions and instrumentalities to the Administrator of Public Works without detriment to the public interest. For the purpose of giving to the officers of the United States Army and/or Navy the broadest possible experience in engineering work, such officers may, with the consent and approval of the Administrator of Public Works, be detailed by the Secretary of War and/or the Secretary of the Navy, to temporary duty in the Administration of Public Works, and they shall be assigned by the administrator to such duties as he shall, after consultation with the Secretary of War and/or the Secretary of the Navy, deem best adapted to the purposes of such detail; and all such officers shall retain their military or naval rank and succession, and receive the compensation, commutation, and emoluments provided by law in the case of officers of the same rank not detached from the regular service.

(c) The Reclamation Service, and all that pertains to the same, is hereby transferred from the Interior Department to the Administration of Public Works.

(d) The Office of the Supervising Architect, and all that pertains to the same, is hereby transferred from the Department of the Treasury to the Administration of Public Works.

(e) The Bureau of Public Roads, and all that pertains to the same, is hereby transferred from the Department of Agriculture to the Administration of Public Works.

SEC. 4. For the purposes of this act—

(1) All the officers and employees employed in or under the jurisdiction of any bureau, office, or branch of the public service which is by this act transferred to or included in the Administration of Public Works, or employed in the exercise of any function so transferred, are hereby transferred to the Administration of Public Works without change in classification or compensation.

(2) All the official records and papers on file in and pertaining to the business of any such bureau, office, or branch of the public service, or pertaining to the exercise of any such function, are hereby transferred to the Administration of Public Works.

(3) All unexpended appropriations which are available at the time this act takes effect in relation to any such bureau, office, or branch of the public service, or in relation to any such function, shall be available for expenditure in and by the Administrator of Public Works, and shall be treated as if such bureau, office, or branch of the public service, or such function, had been directly named in the laws making such appropriations as part of or exercised by the Administration of Public Works, under the direction of the administrator.

(4) All laws prescribing the work and defining the functions of any such bureau, office, or branch of the public service shall, so far as the same are not in conflict with or modified by the provisions of this act, remain in full force and effect until otherwise provided by law.

(5) All authority, powers, and duties now held, exercised, and performed by the head of any executive department in and over any bureau, office, officer, or branch of the public service, or in respect of any function transferred to the Administration of Public Works under this act, or in or over any business arising therefrom or pertaining thereto, or in relation to the duties performed by or the authority conferred by law upon such bureau, office, officer, or branch of the public service, whether of an appellate or revisory character or otherwise, shall be vested in and exercised and performed by the administrator.

(6) All contracts or agreements lawfully entered into before this act takes effect, by any such bureau, office, officer, or branch of the public service, shall be assumed and carried out by the administrator.

(7) All orders, rules, regulations, and privileges which have been issued or granted by any such bureau, office, officer, or branch of the public service, shall continue in effect as if this act had not been enacted, until modified, superseded, or repealed by the administrator.

(8) The administrator shall have charge, in the buildings and premises occupied by or assigned to the Administration of Public Works, of the library, furniture, fixtures, records, and other property pertaining to it or hereafter acquired for use in its business. Until other quarters are provided, the Administration of Public

Works may occupy any buildings or premises now occupied by any bureau, office, or branch of the public service which is by this act transferred to or included in the Administration of Public Works.

Sec. 5. The Administrator of Public Works is hereby given power and authority to make, subject to the approval of the President, such changes in the organization of the bureaus, offices, or other branches of the public service by this act transferred to or included in the Administration of Public Works as may be essential to economical and effective administration, and he is hereby authorized and empowered to reorganize or consolidate, with the approval of the President, any of the bureaus, offices, or other branches of the public service under his jurisdiction, and to set up such divisions, offices, and districts as may be required to carry out the provisions of this act.

Sec. 6. It is hereby declared to be the intent of Congress that the Administration of Public Works shall aid, so far as practicable, in coordinating the work of other Federal construction agencies. To that end any specified engineering, architectural, or construction project authorized to be prosecuted by and under the direction of any governmental agency other than those included in the Administration of Public Works may, by Executive order, be transferred to the Administration of Public Works, and shall thereupon be prosecuted by it, and reimbursement shall be made therefor by transfer of appropriated moneys in the manner provided by law, except that the Administration of Public Works shall design and construct such public works in conformity with the requirements of the agencies which the Administration of Public Works may be serving.

EMERGENCY CONSTRUCTION PROGRAM

Sec. 7. To meet the emergency hereby recognized to exist, there is hereby authorized to be appropriated the sum of \$5,500,000,000, to be immediately available for expenditure by the Administrator of Public Works in the manner hereinafter provided.

Sec. 8. In carrying out the emergency construction program the administrator—

1. May appoint advisory boards and committees to advise and confer with him. No salary shall be paid to board or committee members, but when attending meetings or engaged in other activities at the request of the administrator they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government.

2. May hold hearings and require, by subpoena, the attendance and testimony of witnesses and the production of books, papers, and documents and may administer oaths. In case of disobedience to any subpoena the administrator may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents.

(3) Shall submit monthly to the President and to the Senate and House of Representatives (or the Secretary of the Senate or the Clerk of the House of Representatives if those bodies are not in session) a full and detailed report of the emergency activities and expenditures of the Administration of Public Works, together with a statement showing the condition of the funds administered by him. Such reports shall, when submitted, be printed as public documents.

Sec. 9. The administrator is authorized to deduct from any appropriation made pursuant to the authorization contained in this act so much thereof as he deems necessary for the expenses of the Administration of Public Works in carrying out the emergency provisions of this act. The remainder of any such appropriation shall be available for expenditure for the purposes hereinafter set forth, upon allocation by the administrator in accordance with and in furtherance of the policy set forth in section 1 of this act, so far as the administrator deems feasible.

Sec. 10. In addition to the regular appropriations for the public works hereinafter specified the administrator may expend for such public works a total of not to exceed \$650,000,000 of the amount authorized in section 7, as follows:

(1) For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore and hereafter authorized as may be most desirable in the interest of commerce and navigation, and for the prosecution of flood-control projects heretofore or hereafter authorized, not to exceed \$200,000,000;

(2) For carrying into effect the provisions of the public buildings act approved May 25, 1926, as now or hereafter amended and supplemented, in respect of public buildings within and without the District of Columbia, not to exceed \$275,000,000;

(3) For the construction and reconstruction of forest roads and trails, not to exceed \$50,000,000.

(4) For the prosecution of irrigation, drainage, and reclamation projects heretofore or hereafter approved in accordance with law, not to exceed \$25,000,000.

(5) For repair and remodeling of existing buildings and structures, and for miscellaneous Federal public works, in the discretion of the President, not to exceed \$100,000,000.

Sec. 11. In addition to the regular appropriations for Federal-aid highways, the administrator may allocate an additional \$1,000,000,000 of the amount authorized in section 7 for the construction and reconstruction of highways in the manner hereinafter provided, which shall be available for expenditure upon highway projects approved by the administrator, as follows:

(a) Not to exceed \$500,000,000 of such amount shall from time to time be apportioned by the administrator among the several

States in the manner provided by section 21 of the Federal highway act, as amended and supplemented, and shall be available for expenditure in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of the Federal highway act, with the following exceptions:

(1) The limitation of payments permitted by said act shall be increased to \$50,000 per mile, exclusive of the cost of bridges of more than 20 feet clear span.

(2) Any amounts apportioned to any State not claimed by such State shall be available for payment to States who are able to proceed with construction over and above their apportionment.

(3) Such funds may be used as a temporary advance to meet the requirements of such act as to State funds, to be reimbursed to the Federal Government over a period of five years, commencing with the fiscal year beginning next after the termination of the emergency, by making deductions from regular apportionments made from future authorizations for carrying out the provisions of such act.

(b) Not to exceed \$150,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of highway-bridge construction, without regard to the provisions of the Federal highway act limiting the expenditures of Federal funds to bridges outside certain municipalities.

(c) Not to exceed \$250,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of railroad grade crossings.

(d) Not to exceed \$100,000,000 of such amount shall be available for meeting 50 per cent of the cost to the several States and their civil subdivisions of elimination of highway grade crossings and construction of by-pass roads.

Sec. 12. (a) The administrator may allocate not to exceed \$3,750,000,000 of the amount authorized in section 7 for the purpose of making loans to States and their civil subdivisions for (1) construction of Federal-aid highways; (2) construction of other State, county, and municipal highways, streets and pavements; (3) construction of bridges; (4) construction of water supply and sewerage works; (5) construction of flying fields, exclusive of purchase of lands; (6) establishing of parks and playgrounds, exclusive of purchase of lands; (7) construction of public buildings; (8) elimination of grade crossings; (9) reforestation and fire prevention, exclusive of purchase of lands; and (10) other construction of a public or semipublic character.

(b) Loans made under the provisions of this section shall be for periods of not more than 10 years, at a rate of interest three-fourths of 1 per cent above the average rate at the time of making the loan for the bonds issued theretofore under the provisions of this act, but in no event to exceed 5 per cent. No loans shall be made under the provisions of this section except upon the approval of the finance board created by section 14.

Sec. 13. The administrator may allocate not to exceed \$100,000,000 of the amount authorized in section 7 for the purpose of making loans to limited dividend corporations created solely for the erection of housing, on projects for housing families of low-income levels, such projects to have the approval of the administrator with respect to (1) the financial structure and the limitation of the dividends of the corporation, and/or (2) the limitation of the rentals to be charged, and/or (3) the location and plan of the project with respect to city plans, slum clearance, and the rehabilitation of blighted areas in cities, and/or (4) the replacement of housing now unfit for healthful habitation, and/or (5) the guaranties under State or municipal laws and administration of adequate control, and/or (6) the senior or other financing of the project, and (7) such other considerations and safeguards as the administrator shall deem necessary or expedient. Such loans shall be made upon the same terms and conditions as loans made under section 12, except that such loans may be for periods of not more than 30 years, and may be amortized serially within such limitation of time.

Sec. 14. There is hereby created an Emergency Finance Board, to be composed of three members, appointed by the President, by and with the advice and consent of the Senate. One of the members of the board shall be experienced in State and municipal finance, one shall be experienced in housing construction, and one shall be experienced in banking and finance generally. All applications for loans under sections 12 and 13 shall, subsequent to their approval by the administrator, be referred to the board for its approval. In acting upon such applications for loans the board shall take into consideration (1) the financial condition of the borrower and (2) the ability of the borrower to obtain funds at reasonable rates from other sources. No salary shall be paid to board members, but they shall be paid from funds available for the administration of this act a per diem compensation not to exceed \$_____ for time devoted to the business of the board, and necessary traveling and subsistence expenses or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The members of the board shall serve during the continuation of the emergency.

Sec. 15. Appropriations authorized by section 7 shall remain available until expended or until the index of industrial production, as now computed, of the Federal Reserve Board reaches index No. 100. Thereafter the administrator shall make no new commitments, and shall have the emergency powers conferred upon

him by this act only so far as may be necessary to complete contracts already under way and liquidate the emergency affairs of the Administration of Public Works.

PROSPERITY BOND ISSUE

SEC. 16. (a) To provide funds for the emergency construction program authorized by this act, the Secretary of the Treasury, with the approval of the President, is authorized to borrow, from time to time as may be necessary for the purposes of this act, on the credit of the United States, not to exceed \$5,500,000,000 and to issue bonds therefor, to be known as "prosperity bonds," in such form as he may prescribe, and at such rate of interest, not to exceed 4½ per cent per annum, as may be fixed by him.

(b) Such bonds shall be in denominations of \$50 and upwards and shall mature 10 years from the date of their issue. The principal and interest thereof shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by authority of the United States or its possessions, or by any State or local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, now or hereafter imposed by the United States upon the income of individuals, partnerships, associations, or corporations.

(c) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein, and any portion of the bonds so offered and not subscribed for may be otherwise disposed of at not less than par by the Secretary of the Treasury; but no commissions shall be allowed or paid on any bonds issued under authority of this act.

ADDITIONAL TAX LEVY

SEC. 17. (a) In addition to the surtax imposed by section 12 of the revenue act of 1928, there shall be levied, collected, and paid for each taxable year, beginning with the taxable year 1932, upon the net income of every individual having a net income in excess of \$5,000, an additional surtax of 2 per cent of his net income less the credit provided in subdivision (b).

(b) For the purpose of such additional tax there shall be allowed the following credits against the net income of individuals having a net income not in excess of \$10,000:

(1) In the case of a single person, a personal exemption of \$1,000; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of \$2,500. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be \$2,500. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them.

(2) In the case of a change of status the personal exemption shall be determined in the manner provided in section 25 (e) of the revenue act of 1928 in the case of the personal exemption there provided for.

(c) The tax imposed by this section shall be levied, assessed, collected, and paid upon the same basis and in the same manner as the similar taxes imposed by section 12 of the revenue act of 1928, and shall for all purposes be regarded as a tax imposed by Title I of the revenue act of 1928.

(d) All moneys received from taxes imposed by this section shall be covered into a special fund in the Treasury and shall be available only for the payment, redemption, or purchase, at not to exceed par and accrued interest, of any bonds issued pursuant to the provisions of this act; and all moneys in the fund are hereby appropriated for that purpose.

EFFECTIVE DATE

SEC. 18. This act shall take effect immediately, except that the provisions of this act in relation to the transfer of any agency from the jurisdiction and control of one officer to the jurisdiction and control of another, or in relation to the transfer of functions from one officer or agency to another, shall take effect on the thirtieth day after the enactment of this act.

HEARINGS BEFORE THE DISTRICT OF COLUMBIA COMMITTEE

Mr. CAPPER submitted the following resolution (S. Res. 121), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on the District of Columbia, or any subcommittee thereof, hereby is authorized during the Seventy-second Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

INVESTIGATION BY TARIFF COMMISSION—CRAB MEAT, ETC.

Mr. GOLDSBOROUGH submitted the following resolution (S. Res. 122), which was ordered to lie on the table:

Resolved, That the United States Tariff Commission is hereby directed to investigate for the purposes of section 336 of the tariff act of 1930 the differences in the cost of production between the

domestic article and the foreign article, and to report at the earliest date practicable upon crab meat, fresh or frozen (whether or not packed in ice), or prepared or preserved in any manner, including crab paste and crab sauce.

HOLIDAY RECESS

Mr. JONES. Mr. President, House Concurrent Resolution No. 5, relating to adjournment for the holidays, was referred to the Committee on Appropriations. That committee has given the resolution consideration and was practically evenly divided, but has ordered a favorable report of the resolution without amendment. I understand that it is a privileged matter, and I present it for the consideration of the Senate.

Mr. BINGHAM and Mr. BORAH addressed the Chair.

The PRESIDENT pro tempore. The Senator from Connecticut.

Mr. BINGHAM. A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BINGHAM. Is it correct that under Rule XXII this concurrent resolution, when it has been offered, is not debatable?

The PRESIDENT pro tempore. The concurrent resolution is privileged, not debatable, may be amended, and a motion to recommit is in order, which would be debatable.

Mr. BINGHAM. Mr. President, before the concurrent resolution is offered, if the Senator will permit me, may I state that, as far as I am personally concerned, I shall be entirely willing to come here every day, Saturdays, Sundays, and Christmas excepted, and go on with the business of the Senate.

Mr. WALSH of Montana. A parliamentary inquiry.

The President pro tempore. The Senator will state it.

Mr. WALSH of Montana. Did not the Chair state that this is not a debatable question?

The PRESIDENT pro tempore. The resolution has not yet been read. It is being withheld at the request of the Senator from Connecticut.

Mr. WALSH of Montana. Then I ask for the regular order.

Mr. BINGHAM. Mr. President—

The PRESIDENT pro tempore. The regular order is the submission of the resolution. Therefore the resolution will be submitted, and debate will be cut off.

Mr. BINGHAM. Mr. President, I ask that before the resolution is formally offered I may be permitted to proceed for one minute.

The PRESIDENT pro tempore. The Chair understood the Senator who submitted the concurrent resolution to withhold submission of the report from the committee in order to permit a statement to be made by the Senator from Connecticut. If the Chair is wrong in his understanding, the Senator from Washington will correct him.

Mr. JONES. I did not intend to withhold the report. I intended to offer it as I was directed to do by the committee.

The PRESIDENT pro tempore. It is now offered; it is the regular order, and the concurrent resolution will be read for the information of the Senate.

The Chief Clerk read the concurrent resolution (H. Con. Res. 5) as follows:

Resolved, by the House of Representatives (the Senate concurring), That when the two Houses adjourn on Tuesday, December 22, 1931, they stand adjourned until 12 o'clock meridian Monday, January 4, 1932.

The PRESIDENT pro tempore. The Chair understands the Senator from Washington to have moved the adoption of the concurrent resolution. Is that correct?

Mr. JONES. I presented it under direction of the committee for the consideration of the Senate.

The PRESIDENT pro tempore. The resolution seems to be here, then, without any motion, but merely as a report from the committee.

Mr. KING. Mr. President, I move that the resolution be adopted.

The PRESIDENT pro tempore. The question is on agreeing to the resolution, and the motion is not debatable. The resolution may be amended.

Mr. BORAH. Mr. President, I desire to offer an amendment. The amendment is on the table, I believe.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. The Senator from Idaho proposes to strike out "January 4, 1932," and insert "December 28, 1931."

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Idaho.

Mr. WALSH of Montana. Mr. President, Rule XXII provides for certain motions to be received with respect to the pending motion. The first of those is to adjourn and the last is to amend. The second is to adjourn to a day certain or that when the Senate adjourns it shall be to a day certain. Are we to understand the Presiding Officer to rule that a motion to adjourn is subject to amendment?

The PRESIDENT pro tempore. The great preponderance of precedents with reference to resolutions of this character is that the motion is privileged, that it is not debatable, that it may be amended, and that the amendment is not debatable, but that a motion to recommit may be made and is debatable.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. At what time is a motion to recommit in order?

The PRESIDENT pro tempore. At any time.

Mr. BARKLEY. I wish to make that motion, if the Senator from Idaho will yield to me to do so.

Mr. BORAH. Certainly.

Mr. BARKLEY. I move to recommit the concurrent resolution to the Committee on Appropriations.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Kentucky, and that motion is debatable.

Mr. BARKLEY. Mr. President, my reason for offering the motion is, and my understanding is, that if we make any change in the date or if any amendment at all is made in the concurrent resolution, action on the part of the Senate will be entirely futile, because the House will not agree to it. The result will be that there will be no action whatever taken in the House and there will be no adjournment, and therefore the concurrent resolution will die, so we might as well recommit it as to have that condition exist.

I have been reliably informed this evening that if we make any change whatever in the resolution, no further action will be taken by the House. As a matter of fact, there is not a quorum of the House present at this time. Therefore it seems to me futile to take any action on the resolution if we are going to change the date. If the Senate should provide for a shorter adjournment than to January 4, we might as well recommit the resolution to the Committee on Appropriations.

Mr. KING. Why does the Senator assume there will be a change if we take a vote?

Mr. BARKLEY. I assume it from the discussion I have heard among Senators.

Mr. KING. If the Senate shall refuse to adjourn, the House will simply meet every third day and adjourn, so there will be no action taken at either end of the Capitol.

Mr. BARKLEY. That is what I understand will be done.

Mr. KING. Why should we not adjourn as the House has done?

Mr. BARKLEY. We can not adjourn longer than three days without the consent of the House. There is not a quorum of the House present, and I dare say they would not consent that we should take an adjournment of two weeks if we did not consent to their doing the same thing.

Mr. WALSH of Montana. Mr. President, may I endeavor to throw a little light on the parliamentary situation? Rule XXII provides as follows:

When a question is pending, no motion shall be received but—
To adjourn.
To adjourn to a day certain, or that when the Senate adjourn it shall be to a day certain.
To take a recess.

To proceed to the consideration of executive business.

To lay on the table.

To postpone indefinitely.

To postpone to a day certain.

To commit.

To amend.

Then it continues:

Which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess, to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

I think it elementary in parliamentary law that when a motion itself is not open to debate a subsidiary motion is equally not open to debate. If we can not debate the question of adjourning or adjourning to a day certain, a subsidiary motion to commit would be equally not debatable.

But more than that, if the motion to commit a resolution of this kind is debatable, then as a matter of course any other motion to which the motion to commit is addressed is equally debatable. In other words, we move to commit a motion to adjourn. Some one rises and moves that the Senate adjourn. Then some one can move that that motion be committed to the Committee on Appropriations. Then, according to the construction now given to the rule by the present occupant of the chair, that motion would be debatable. Again, here is a motion to take a recess, which, under the rule, is not debatable, but some one may move to commit that motion to the Committee on Banking and Currency, and then we could debate the motion to commit.

That utterly destroys all the force and effect of the rule, it seems to me. Accordingly I would respectfully submit to the Chair again whether it is sound, and if it is sound, what reasons are there for reaching the conclusion that a motion to commit a motion, which is not debatable, is debatable?

The PRESIDENT pro tempore. The Senator has been speaking wholly with reference to an adjournment of the Senate itself. This comes in the form of a concurrent resolution which has already been acted upon by the House and brought to the floor of the Senate and which may be debated.

Mr. BORAH. Mr. President, will not the Senator from Kentucky [Mr. BARKLEY] withdraw his motion to recommit and let us take a vote on the amendment? If the amendment is agreed to, the Senator may still make his motion. If the amendment is defeated, then we will be in harmony with the House and perhaps free to act.

Mr. BARKLEY. Under the circumstances I will withdraw temporarily my motion to recommit.

The PRESIDENT pro tempore. The question, then, is on agreeing to the amendment proposed by the Senator from Idaho.

Mr. REED. Mr. President—

The PRESIDENT pro tempore. It is not debatable.

Mr. REED. I understand; but I myself can move to recommit, and I now make that motion.

The PRESIDENT pro tempore. The question is on agreeing to the motion made by the Senator from Pennsylvania.

Mr. REED. Mr. President, regardless of the action of the House I think we all ought to have a very sober realization of the fact that the country is faced with problems which are much more important than the construction of Rule XXII and very much more important than the holiday which we shall give ourselves at this time. A great many people in the United States are having an enforced holiday, and I doubt whether the people who sent us here will appreciate our abdication of our functions for two weeks in such times as these.

It may be asked, What can we do if we stay here if we do not adjourn for so long a time? One thing we can do is to take action in committee and in the Senate on the pending bill introduced by the Senator from Connecticut [Mr. WALCOTT] to create the reconstruction finance corporation. The railroads of the United States have never in the lifetime of most of us been faced with such a situation as they are in to-day. Many of the most important systems are not nearly meeting their fixed charges, and while we per-

haps lack in sympathy for the railways—some of us do, I know—none of us lack in sympathy for the savings-bank depositors, for the holders of insurance policies, whose solvency depends on the maintenance of a sound market for the bonds of the railway companies.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. REED. No; I do not yield at this moment.

However we may think about the railway problem, there are no two minds about the savings-bank problem or the insurance-company problem or the problem of the little depositors and little policyholders. If we pass the bill providing for the reconstruction finance corporation, much can be done to prevent any more railway receiverships—very much can be done—and we will be thus one week further ahead if we meet here next Monday and go to work on it than if we take a longer holiday and stay away until the 4th of January.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. BARKLEY. The Senator ought to include in that situation the land-bank system.

Mr. REED. I was going on to mention that. Some of us know to our deep regret the predicament in which the building and loan associations of the country stand or, as they are called in some States, the savings and loan associations. They too base their solvency and their continuance in business upon what were sound mortgages when they were taken, mortgages upon moderate-priced homes, most of them. Such is the condition of their business to-day that a very large part of those mortgages are in default, not because the loans were bad when they were made, not because of bad banking or reckless practices, but simply because of temporary collapses in quoted values. We all know that those loans are sound ultimately. We all know that the tangible values in America are unaffected by this momentary panic. We all know there is nothing the matter with us but the functional troubles due to fear and the collapse of credit that follows fear.

America is sound. Its population is healthy, industrious, sane. We are not troubled with pestilence. Our people are educated, industrious, willing to work. The physical condition of American properties was never before so high as it is to-day. Our highways and our railways physically are in superb shape. Our factories were never so efficient. America never was so sound as it is to-day, but it functions badly because of fear. If we go to work diligently to do something to make these home-mortgage loans available for borrowings, as is proposed in the home loan bank bill; if we do something to bring emergency aid to the railroads between now and April 1, when the Interstate Commerce decision begins to take effect, we will have done something of very real value for all the people of America, the people who are looking to us for action and not for vacation.

I know full well that the adjournment to the 4th of January has been arrived at by discussion between our leaders and the leaders in the House. I try to be a loyal soldier and back up our leaders when they have committed us to any decision.

But, Mr. President, I do not understand that the question of the prestige of our leaders is involved in this matter, and I hope the Senator from Indiana [Mr. WATSON] will back me in that statement. I do not understand that to disagree with them in this moment of crisis is any reflection upon the Senator from Indiana or upon the Senator from Arkansas [Mr. ROBINSON] or upon others to whom we look for leadership. We are confronted by something which is very real, Senators, something too real to stand on formalities; and I, for my part, shall feel constrained to vote in favor of the amendment and in favor of our reconvening next Monday.

Now, Mr. President, I withdraw my motion to recommit.

Mr. NORRIS. I renew the motion. [Laughter.]

Mr. GLASS. Mr. President—

The PRESIDENT pro tempore. The Chair recognizes the Senator from Nebraska.

Mr. NORRIS. Mr. President, I am going to vote the same way as the Senator from Pennsylvania [Mr. REED] says he is going to vote. I hope that announcement does not frighten him; I hope that none of the fear that he has been speaking about will be in his heart and cause him to vote differently, because I am going to vote as he does. I am not only going to vote that way, but I want to join with the Senator from Pennsylvania in rendering my apology to our leader for not following him in this particular instance. Now, Mr. President, I withdraw my motion. [Laughter.]

Mr. GLASS and Mr. BROOKHART addressed the Chair.

The PRESIDENT pro tempore. The Chair recognizes the Senator from Virginia, and the Chair will assume that the motion of the Senator from Nebraska [Mr. NORRIS] is still pending.

Mr. GLASS. Otherwise, I shall renew it. [Laughter.]

Mr. President, I do not know exactly how much better informed about these matters the Senator from Pennsylvania [Mr. REED] is than those of us who have been working on these problems in committee meetings from morning till night, and at night as well, and some of us for three weeks before the Congress convened. I do know that there has been no testimony before the Banking and Currency Committee that would indicate that we should be precipitate about this particular bill, No. 1. On the contrary, the testimony before the Banking and Currency Committee indicated that there was no imminent danger of railroad receivership.

With respect to insurance companies, actually some of the officials of the large insurance companies in this country resented the idea of being included in the bill. They indicated that they thought that there was an implication in such inclusion that the insurance companies were in need of financial assistance, whereas they positively were not.

As for the question of fear, it occurs to me that the constant reiteration here on the floor of the Senate of the desperation of our situation is very much more calculated to create fear than anything we have heard in the formal hearings before the Banking and Currency Committee on this bill. As a matter of fact, the maturities of the railroads between now and the 1st day of May would seem to some of us to indicate that the process instituted before the Interstate Commerce Commission would be ample to take care of any railroad situation that might arise between now and that date.

Some of us are a little impatient over this concerted idea that has been presented that we must be precipitated into some action here regardless of orderly consideration of the problems which confront us. It occurs to me that if the Senate were to violate faith with the other House on the presumption that the country is in a critical state, we would but accentuate that unauthorized and unwarranted supposition. Of course, there is distress, but we are not in any such critical condition as has been repeatedly represented here. If the Senator from Pennsylvania has any source of information which would indicate that not to be so, it seems to me he might have come before the Banking and Currency Committee and given us the benefit of that peculiar knowledge that has not been presented to us and which none of us possess.

I have been in Washington since three weeks before Congress convened; I have been at work on banking problems night and day, sometimes not extinguishing the light in my apartment at my hotel until 10 minutes past 6 o'clock in the morning; and the subcommittees of the Banking and Currency Committee to which these matters have been referred have been hard at work, I think, and they are not in any state of panic; they have nothing to warrant them in standing here on the floor of the Senate and suggesting that the railroads are going into the hands of receivers if we take our ordinary holiday recess. The railroad officials who appeared before our committee made no such statement. On the contrary, the facts and figures presented by them convinced me, as one member of the committee, that

there is no imminent necessity for proceeding with undue haste about this bill.

It was understood in the other branch of Congress that the so-called leaders—one of which I am not—of the Senate were in favor of this holiday-recess adjournment; the House acted upon that presumption, which is not unusual, and passed this concurrent resolution; hundreds of Members of the other House have gone to their homes; and now we are asked to forego a Christmas holiday recess upon the assumption that there is a tremendous danger confronting the country. It is not so, Mr. President; or, if it is, the facts have not been brought to the attention of those of us who have given consideration to these matters.

I shall vote to adjourn. I think a vote not to adjourn would imply that these agonizing stories of imminent and critical danger have more substance behind them than they really have.

Mr. BORAH and Mr. BROOKHART addressed the Chair.

Mr. BORAH. Does the Senator from Iowa desire to discuss this matter?

Mr. BROOKHART. Yes.

Mr. BORAH. Who made the last motion to recommit the resolution?

Mr. NORRIS. I think I did.

Mr. BORAH. Mr. President, was the motion withdrawn?

Mr. NORRIS. I said I would withdraw it, but the Chair, I understand, announced that he would consider it still pending.

Mr. BINGHAM and Mr. BROOKHART addressed the Chair.

The PRESIDENT pro tempore. The Senator from Connecticut.

Mr. BROOKHART. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. BINGHAM. I shall only take a minute. I have tried three times now to speak for a minute.

Mr. BROOKHART. I should like to inquire why I was not recognized?

Mr. BINGHAM. Mr. President, there seems to be a general concert to prevent my making a 1-minute speech. The Senator from Montana objected very strenuously to my endeavoring to make a speech before the concurrent resolution was submitted, and since then I have tried to keep quiet and watch the debate proceed.

I merely wanted to say, Mr. President, that, although perfectly willing to stay here and work, in view of the fact that the leaders on both sides of the aisle have agreed with the leaders of both majority and minority parties in the House about this adjournment, I shall vote for the adjournment, because I believe that that is the orderly way in which to proceed when one has leaders.

Mr. BROOKHART. Mr. President, as I remember the situation, the Senator from Pennsylvania [Mr. REED] was one of those who saw prosperity just around the corner if we could get rid of the Congress of the United States. They got rid of us; then the moratorium came along, and we all received telegrams from the President of the United States. I desire to read the first part of my answer. It is as follows:

JUNE 25, 1931.

Hon. HERBERT HOOVER,
President of the United States,
Washington, D. C.:

Your telegram received and I agree that the proposal of the American Government in respect to postponement for one year of all intergovernmental debts is of immediate national importance, but believe it of too much importance to be decided by the Congress by informal conferences or telegrams to Members. I would therefore suggest an immediate extraordinary session of Congress to consider this proposition.

Yet, as I understand, the Senator from Pennsylvania opposed that proposed extraordinary session; he was in favor of keeping Congress off the job; but now he comes with his crocodile tears for the railroads of the United States, and must have Congress on hand every minute.

Mr. President, I have served on the subcommittee considering Senate bill No. 1, and I agree fully with what the Senator from Virginia [Mr. GLASS] has just said. I should

like to add merely one or two details more. The insurance companies came before us and said they did not need this bill for themselves; that they were solvent and all right and would not take advantage of it. The savings banks came before us and said the same thing. In fact, Mr. Bruyere, head of the largest savings bank in the world, said they were sounder to-day than they had been at any other time. The railroads made no claim of immediate bankruptcy. The only one mentioned in that regard was one that is now in the hands of a receiver, which is its normal condition.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. I yield.

Mr. NORRIS. The Senator does not think, does he, because the railroads and the banks and insurance companies made no complaint that we ought not to extend them relief? That is just what we have done in the case of the moratorium. [Laughter.]

Mr. BROOKHART. I think the Senator's observation fits the facts all right. But I remember 10 years ago, when agriculture became distressed, I did not see any crocodile tears falling from the eyes of the Senator from Pennsylvania about agriculture. A million and a half farmers have lost their homes or their life's savings as a result of the agricultural depression, but that never impressed the Senator from Pennsylvania. No; he is not impressed until somebody from the railroads comes around.

I just went through this 15 per cent advance rate case for the railroads. They showed that as a whole they were still earning, over and above their operating expenses, a net return of 2.24 per cent upon the valuation fixed by the Interstate Commerce Commission. They are not in a bad condition. They are one of the most prosperous outfits there is in this country.

Mr. President, since 1920 agriculture has lost more than \$35,000,000,000 of its capital and has had no return at all upon the other capital investment as a whole; and yet those things have not impressed the Senator from Pennsylvania.

I do not understand exactly what this political bill means. I have tried to find out something about it. I have listened to all of the testimony. I have been at every hearing all the way through. It is a bolshevik bill to start with. It is the first time I have known the Senator from Pennsylvania to stand right plain out, forsquare, for bolshevism. This bill goes into the Treasury of the United States for two thousand million dollars, five hundred million of it to be subscribed in capital and fifteen hundred million of it to be issued in debentures for which the Treasury of the United States is liable upon a guaranty.

I remember when we had some debentures up here for the farmers. They were not so very many compared with the two thousand millions of debentures in this bill, but the Senator from Pennsylvania was opposed to debentures then. He had no sympathy with and shed no tears then for the condition of agriculture at all.

Mr. President, there is something about this situation that is peculiarly offensive to any plan to get out of this depression. What caused it? You knocked the farmers down with your railroad laws. You put \$7,000,000,000 of water into that railroad valuation under the transportation act back in 1920.

The operations to sustain it increased the rates on the farmers by 60 per cent over what they had paid before. You took that out of their pockets and transferred it into the pockets of the owners of the railroads, mainly over in New York. Late in 1920 and early in 1921, they put on a deflation policy that caused the greatest panic in farm prices ever known in the history of agriculture. You put on tariff laws that were effective for the protected industries, that protected their prices, and then put rates on agriculture that were not effective, and denied agriculture the debenture that would have made them effective. All of that has gone on until the very present time, and agriculture has gone lower and lower every minute.

In the depression of 1920, other business revived. Other business in 1929 went into the greatest inflation and specu-

lation in all the history of the world. Agriculture stayed down through it all, and yet there was no weeping for agriculture.

What about this bill that the Senator from Pennsylvania is proposing for the relief of the situation? Is there one dollar in it for agriculture? Not one—not one. It mentions these railroads, these insurance companies that do not want it, these savings banks that do not want it, and then it mentions a lot of other big banks that do want it. These railroads and these banks that put on this deflation, that brought this condition upon the country, these men who are responsible for this condition, now want to pass a bill for their own relief.

I want to read to you the rest of my telegram to the President of the United States:

I do not hesitate to express my opinion upon any important public question when all the facts are before me, but this is not possible in your telegram. As I understand the general situation which you mention, the policy of Secretary Mellon, Gov. Eugene Meyer, of the Federal Reserve Board, and Comptroller of the Currency Pole has been to force a branch-banking system upon the United States, controlled mainly by the big eastern banks. For years the Comptroller of the Currency has decried loans by banks in the agricultural States to farmers, because they were not liquid, and this caused the failure of many banks. At the same time he approved the buying of long-time listed bonds, until all the little banks in the agricultural States are now loaded up with these bonds. Yesterday I heard those bonds condemned by the chairman of the Farm Board—

That was the late lamented Mr. Legge—

and his predecessor, and they were likened to an I. O. U. in a poker game. Also, for several months the comptroller, through his examiners, has been requiring the country banks to put up a depreciation fund or charge off these same bonds, which policy will cause the closing of many other small banks, and thus aid the branch-bank plan. I am also informed that this policy has not been so rigidly enforced against the big eastern banks. However, in spite of all these well-laid plans, the big banks have struck a dangerous snag in the enormous stock speculation; and even after the panic of 1929, and subsequent declines up to December 1, 1930, stock values still remain 208 per cent on an average above the 1914 level of prices, with a resultant proportionate inflation of bonds.

Mr. President, since that time further estimates have shown that these stocks have declined; but, as you will see from the chart on the wall here which the Federal Reserve Board itself gave me, they are still 50 per cent up in the air above the 1914 level, and that was too high, while all other commodity prices have gone below the 1914 level.

These facts becoming known to the country, stock speculation declined, because values are still on a volcano of inflation, and the public refused to buy. This has endangered the big eastern banks themselves, and they are certainly making frantic efforts to renew the stock speculation. The first effect of your announcement in reference to postponement of the intergovernmental debts was to renew this gigantic stock boom. Such a result is unsound, and means future disaster unheard of.

I shall therefore certainly insist upon some legislation, perhaps similar to the speculative stock sales tax offered by Senator GLASS as an amendment to the tariff act, before I vote for any proposal that will revive the stock-gambling orgy.

SMITH W. BROOKHART.

Mr. President, I can not see anything in this bill—this \$2,000,000,000 bolshevistic bonus bill of the Senator from Pennsylvania—

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. BROOKHART. I yield to the Senator.

Mr. NORRIS. I wish to ask the Senator if he sent that telegram collect? [Laughter.]

Mr. BROOKHART. I think, Mr. President, that the President of the United States got that telegram.

Mr. KEAN. Who paid for it?

Mr. BROOKHART. It is marked "Official business."

Mr. GLASS. Mr. President, may I ask the Senator from Iowa whether he included that chart in his telegram to the President? [Laughter.]

Mr. BROOKHART. I sent down to the Federal Reserve Board and got that chart.

Mr. FESS. Did the Senator put it in the telegram?

Mr. BROOKHART. No; I have not sent that to the White House yet. I think they need it over there, though.

I see nothing now in this bolshevik bill of the Senator from Pennsylvania except a scheme to revive that stock-gambling game, if they can do that through something out of the United States Treasury for the railroads and the big banks. They have already tried three different schemes to boom those railroad stocks.

On was a consolidation of the big eastern railroads—something never contemplated by this law. The Senator from Michigan [Mr. COUZENS] hit that between the eyes, and it died.

Then along came this 15 per cent rate advance. The Interstate Commerce Commission allowed only a little of that, and the stock boom did not start on that.

Then along came this moratorium, and that did start a boom for a few days; but as soon as a stock boom starts, those men who are still holding some of those stocks begin selling, and down goes the boom. [Laughter.]

Now the Senator from Pennsylvania gets together the big financial autocrats of this country, and they cook up bill No. 1, and have it dressed and ready for presentation when Congress meets, and it is introduced as the very first bill in the Senate of the United States. It is rushed over to the committee, and an investigation is put on. "We must have this all at once. These savings banks and these insurance companies need it, and the poor railroads."

When we got under way there was no one but the railroads and the New York banks left to support it, and one big Chicago bank; and that is the way it stands at this minute.

Will that bill do any good?

If we pass that bill and take this money from the Treasury, to whom will we give it? To the railroads, who are not entitled to it and who do not need it, who still have that \$7,000,000,000 of watered value in their stocks and bonds? Then there is nobody else to benefit except a few big banks; and how will the benefits reach down to the six and one-half million farmers of this country who are in actual distress and have been in distress since 1920? That distress now has reached around into the other industries and the other businesses of the country, until many of the wheels of industry have stopped, and 7,000,000 men are unemployed as a result of this situation.

If we had a bill here to relieve agriculture, if we had a bill here to start public works and employ these 7,000,000 men who are out of work, I should be willing to stay here day and night. I am willing to stay anyhow; but, Mr. President, there is no such situation. This is some Wall Street political scheme, rather than anything to relieve the real economic situation of this country.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Nebraska [Mr. NORRIS].

Mr. BORAH. Mr. President, is any motion to recommit now before the Senate?

Mr. NORRIS. I withdraw the motion to recommit.

Mr. BORAH. Now I ask for the yeas and nays on my motion.

Mr. WATSON. Let us have the yeas and nays.

The yeas and nays were ordered.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Idaho [Mr. BORAH]. On that question the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Nevada [Mr. ODDIE], who is unavoidably absent. If he were present, he would vote "nay." If permitted to vote, I would vote "yea."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], and withhold my vote.

Mr. FLETCHER (when his name was called). On this vote I am paired with the senior Senator from Colorado [Mr. WATERMAN]. I do not know how he would vote if he were present; but if I were permitted to vote, I would vote "yea."

Mr. HARRISON (when his name was called). On this vote I am paired with the junior Senator from New Hampshire [Mr. KEYES]. If permitted to vote, I would vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. He would vote "nay" if he were present. I have not yet been able to obtain a transfer. If I were permitted to vote, I would vote "yea." For the present I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). Again announcing my pair with the junior Senator from Mississippi, I withhold my vote.

Mr. SHIPSTEAD (when his name was called). On this vote I am paired with the junior Senator from West Virginia [Mr. NEELY]. If present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. THOMAS of Idaho (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. SWANSON]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. If he were present, he would vote the same as I shall vote, and therefore I am permitted to vote. I vote "nay."

The roll call was concluded.

Mr. McNARY. I desire to announce that the senior Senator from Michigan [Mr. COUZENS] has a general pair with the senior Senator from Nevada [Mr. PITTMAN]. If the Senator from Michigan were present, he would vote "yea"; and if the Senator from Nevada were present, he would vote "nay."

The result was announced—yeas 33, nays 39, as follows:

YEAS—33

Bailey	Coolidge	Harris	Steiwer
Barkley	Costigan	Jones	Thomas, Okla.
Black	Cutting	Kean	Trammell
Blaine	Dale	La Follette	Vandenberg
Borah	Dill	McKellar	Wheeler
Brookhart	Frazier	Morrison	White
Broussard	Glenn	Norris	
Capper	Goldsborough	Nye	
Carey	Hale	Patterson	

NAYS—39

Austin	Fess	Johnson	Smith
Barbour	George	Kendrick	Smoot
Bingham	Glass	King	Townsend
Bratton	Gore	Lewis	Tydings
Bulkeley	Hastings	McGill	Wagner
Bulow	Hatfield	McNary	Walcott
Caraway	Hawes	Moses	Walsh, Mass.
Connally	Hayden	Schall	Walsh, Mont.
Copeland	Hebert	Sheppard	Watson
Dickinson	Hull	Shortridge	

NOT VOTING—23

Ashurst	Harrison	Norbeck	Shipstead
Bankhead	Howell	Oddie	Stephens
Byrnes	Keyes	Pittman	Swanson
Couzens	Logan	Reed	Thomas, Idaho
Davis	Metcalf	Robinson, Ark.	Waterman
Fletcher	Neely	Robinson, Ind.	

So Mr. BORAH's amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

PHILIPPINE AFFAIRS

Mr. BINGHAM presented resolutions adopted by the Solidaridad Filipina, Manila, P. I., which were referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

Resolution supporting the Timberlake bill limiting the free entry into the United States of certain Filipino products; urging limitation of Filipino immigration thereto and the continuation of the United States Government in the Philippines for the present and certain amendments in the Jones law

Whereas it is a fact that a portion of the people of the United States represented by their respective Senators and Representatives in Congress and by certain Federal labor organizations earnestly desires the withdrawal of the United States Government from these islands for the purpose of eliminating the competition of certain Filipino products to their home products, having requested the United States Congress to give the Philippines an immediate and absolute independence, which will be disastrous to the Filipinos at the present time; and

Whereas it is also a fact, based on statistics, that our present government and economic stability depend and will depend for

some time yet on the continuation of the altruistic and beneficial control and progressive influence of the United States Government; and

Whereas, due to our continuous contact with the Spaniards for more than three centuries, our character, activities, customs, and usages, laws, and psychology have greatly become Latin-Spanish; and the Latin people, according to that great English statesman, Lord Gladstone, are not adapted to popular and modern representative democratic governments; and

Whereas the lapse of some time will be needed by us in order to eradicate these acquired Latin traits and for our gradual readjustment and adaptation to these modern and popular representative democracies; and

Whereas our so-called nationalistic leaders and their few followers who have monopolized for more than two decades the management of our public affairs have clearly shown that their Latin-acquired traits are not yet fully eradicated, as evidenced by their questionable running of our government, their irresponsibility, and corruption;

Whereas our inexperience in financial matters was shown by these very leaders in their mismanagement of our Philippine National Bank in 1921 before the administration of Governor General Wood, by their nonselection of the best available local talent for the management of said bank, by their favoritism and nepotism selecting only their relatives and friends, irrespective of individual merits and capacity, thus retarding our development in financial affairs; and

Whereas all these facts clearly show the impracticability, for the present, of our immediate separation from the United States inasmuch as some time will be needed to enable us to acquire the proper experience in financial matters, and especially to properly work our economic development; and

Whereas our political concessions secured have only favored our few so-called leaders and politicians for their own personal gain and benefit, while our economic development, which is our real and great problem, has been greatly neglected by them, a condition already noted by Senator ARTHUR H. VANDENBERG when he was in these islands in April of this year, when he frankly stated before his departure from Manila that our real problem was an economic one and not political; and

Whereas Solidaridad Filipina, a civic association incorporated since August, 1921, under the laws of these islands, and organized for the purpose of working for the prosperity and happiness of the people of these islands through the proper expansion and development of our economic and natural resources, setting aside, for the present, our political advancement which is already highly developed, that in many cases it is misused by our so-called leaders and politicians to foster nepotism, favoritism, and political bossism, this civic association finds itself compelled to take this action and pass this resolution for the purpose of analyzing the reasons our so-called leaders and politicians have advanced for requesting our immediate and premature separation from such a generous and altruistic Government as that of the United States of America, strong, wealthy, and powerful, which guarantees our Government and Territorial integrity and is trying to develop our country in all directions so as to enable us to occupy our proper place among the nations of the world; and for the purpose of making certain suggestions which Solidaridad Filipina believes to be the wishes of that portion of responsible, well-meant, and intelligent Filipinos: Now, therefore, be it

Resolved by Solidaridad Filipina, To suggest, and it hereby suggests, the following to the Congress of the United States of America—

(a) The passage of the Timberlake bill limiting the free entry into the United States of our sugar to 1,000,000 tons yearly, our coconut oil to 800,000,000 pounds per annum, and our immigration into continental United States at a just and reasonable number per year, to be determined by a mixed committee of Americans and Filipinos appointed by the President of the United States.

(b) That our political concessions and autonomy should remain in a status quo at present, except the necessary increase thereof consistent with our gradual advancement and development.

(c) That the Government of the United States of America should remain in these islands for the present, provided that in case an action is contemplated by Congress regarding our final status the same be planned in accordance with the plan formulated by Senator HIRAM BINGHAM's resolution introduced in Congress on January 6, 1930, which authorizes the President of the United States to call a conference to be held in the Philippines (at Manila), to include eight representative citizens of the United States and an equal number from the Philippines, which would make recommendations as to the future of the Philippines and its final government.

(d) The urgent and necessary amendments of the Jones law on the following points:

1. To reduce the maximum duration of the regular annual sessions of the Philippine Legislature from 100 to 50 days, and that of the special sessions thereof, whenever called, to continue no longer than 15 days, except Sundays.

2. That the general elections in the Philippines be held once every four years, instead of every three years, as at present, for the purpose of saving money in election expenses.

3. That the Governor General of the Philippines be authorized to dissolve the Philippine Legislature when just and reasonable reasons exist to do so, like the authority of the Governor General of Canada.

4. That the Governor General of the Philippines be authorized to fill all cases of vacancies in any and all elective positions of any kind and nature for the unexpired term of the elective vacated positions, thus effecting a considerable and substantial saving in the expenditure of public funds for special elections.

6. That the auditor of the Philippines, also called the insular auditor, be made a real and full comptroller with full and complete auditing powers on all public or government financial matters and accounts of the three departments of the government; and be it further

Resolved, By Solidaridad Filipina, in its own name and in that of the people of these islands, whose desires it is interpreting and voicing, to reiterate, and it hereby reiterates their gratitude, high and sincere appreciation, and unconditional loyalty to the generous and altruistic Government and people of the United States of America, to make amends for the ungratefulness of our so-called political leaders and politicians; and be it finally

Resolved, By Solidaridad Filipina, to furnish copies of this resolution to all the States of the Union, in addition to those furnished the Federal authorities and Members of the United States Congress.

Unanimously adopted at Manila, Philippine Islands, November 21, 1931.

JOSÉ E. ALEMANY,
President Solidaridad Filipina.

To the UNITED STATES SENATE,
Through the Committee on Territories and Insular Affairs,
Washington, D. C., U. S. A.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States, submitting two nominations in the Foreign and Diplomatic Service, which was referred to the Committee on Foreign Relations.

(For nominations this day received see the end of Senate proceedings.)

REPORTS OF NOMINATIONS

Mr. COPELAND. Mr. President, I send forward a report from the Committee on Commerce, and ask for its immediate consideration.

The VICE PRESIDENT. Let the report be read for the information of the Senate.

The CHIEF CLERK. The Senator from New York reports from the Committee on Commerce the following nomination:

COAST GUARD

Robert B. Adams, of Massachusetts, to be engineer in chief for a period of four years, to rank as such from December 18, 1931, a reappointment.

The VICE PRESIDENT. The question is on confirming the nomination.

The nomination was confirmed.

Mr. COPELAND. Mr. President, I ask unanimous consent that the President be notified.

The VICE PRESIDENT. Is there objection?

Mr. NORRIS. Mr. President, I would like to make an inquiry about that. Is there any reason why the President should be notified?

Mr. COPELAND. Yes; this man's appointment expired on the 18th of December, and it is very important that he be immediately put on duty.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York? The Chair hears none, and the President will be notified.

FEDERAL POWER COMMISSION

Mr. KENDRICK. Mr. President, at the request of and for the Senator from Michigan [Mr. COUZENS], I desire to report from the Committee on Interstate Commerce favorably the nomination of Claude L. Draper, of Wyoming, to be a member of the Federal Power Commission. I ask unanimous consent for the immediate consideration of the nomination.

Mr. KING. Mr. President, will the Senator permit me to ask him a question?

Mr. KENDRICK. Certainly.

Mr. KING. Is the Senator from Montana satisfied?

Mr. KENDRICK. The Senator from Montana has agreed to the confirmation of this nomination.

Mr. SMITH. What was that nomination, Mr. President?

The VICE PRESIDENT. The nomination of Claude L. Draper to be a member of the Federal Power Commission.

Mr. SMITH. That is all right.

The VICE PRESIDENT. Is there objection to the present consideration of the nomination? The Chair hears none, and the nomination is confirmed.

Mr. KENDRICK. Mr. President, I ask unanimous consent that the President be notified.

The VICE PRESIDENT. Is there objection?

Mr. NORRIS. Mr. President, we have had so much difficulty about notifying the President in connection with nominations to the Federal Power Commission that I think we had better let this nomination take its regular course. He will find it out in some way.

The VICE PRESIDENT. Are there further reports of committees? If not, the calendar is in order.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of Roy St. Lewis, of Oklahoma, to be Assistant Attorney General.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

The Chief Clerk read the nomination of James Alger Fee to be United States district judge, district of Oregon.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

The Chief Clerk read the nomination of Samuel Purvis to be United States marshal, middle district of Georgia.

Mr. GEORGE. Mr. President, the chairman of the Judiciary Committee advised me to-day that he had received a wire indicating an intention to file some objection to this nominee. I therefore request that it go over.

The VICE PRESIDENT. The nomination will go over.

The Chief Clerk read the nomination of John T. Barrett, of Massachusetts, to be marshal of the Canal Zone.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified. This completes the Executive Calendar, and the Senate resumes legislative session.

RECESS

Mr. McNARY. Mr. President, it is quite essential that we should not follow out the provisions of the concurrent resolution until we have received some important bills for enrollment. I therefore move that the Senate take a recess for 10 minutes.

The motion was agreed to; and the Senate (at 10 o'clock and 53 minutes p. m.), took a recess for 10 minutes, at the conclusion of which the Senate reassembled.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 930. An act limiting the operation of sections 109 and 113 of the Criminal Code with respect to counsel in the case of the Appalachian Electric Power Co. against George Otis Smith and others; and

H. J. Res. 147. Joint resolution to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.

HOLIDAY RECESS

Mr. McNARY. Mr. President, I move that the Senate carry out the provisions of the concurrent resolution agreed to a few moments ago by adjourning at this time until 12 o'clock noon on Monday, January 4, 1932.

The motion was agreed to; and the Senate (at 11 o'clock and 5 minutes p. m.) adjourned, the adjournment being under the concurrent resolution of the two Houses until Monday, January 4, 1932, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate December 22 (legislative day of December 21), 1931

FOREIGN SERVICE OFFICERS, UNCLASSIFIED, VICE CONSULS OF CAREER, AND SECRETARIES IN THE DIPLOMATIC SERVICE

The following-named persons to be Foreign Service officers, unclassified, vice consuls of career, and secretaries in the Diplomatic Service of the United States of America:

Stephen E. Aguirre, of Texas.

Overton G. Ellis, jr., of Washington.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 22 (legislative day of December 21), 1931

MEMBER OF THE FEDERAL POWER COMMISSION

Claude L. Draper to be a member of the Federal Power Commission.

ASSISTANT ATTORNEY GENERAL

Roy St. Lewis to be assistant Attorney General.

UNITED STATES DISTRICT JUDGE

James Alger Fee to be United States district judge, district of Oregon.

MARSHAL OF THE CANAL ZONE

John T. Barrett to be marshal of the Canal Zone.

COAST GUARD

Robert B. Adams to be engineer in chief.

HOUSE OF REPRESENTATIVES

TUESDAY, DECEMBER 22, 1931

The House met at 12 o'clock noon.

The Rev. John Compton Ball, of the Metropolitan Baptist Church, of Washington, D. C., offered the following prayer:

Our Heavenly Father, we come to Thee at this time recognizing Thy majesty and greatness and power, regnant over all nature; and we pray that our wills may be dominated by Thee; that every thought and word and act, and the duties of the day and the hour, may be to Thy good pleasure. We are not unmindful of the fact, O God, we are approaching that time of the year which marks the bestowing of the greatest gift upon the world that it has ever known; and we come to praise Thy holy name for this invaluable gift, this unspeakable gift. We thank Thee that our Lord Jesus Christ was born as a babe; that He came not as a full-grown man like Adam, for had that been so we might have thought He did not understand our nature, but coming as a little child and growing to a splendid boyhood and to a matchless manhood He can enter into our lives at every point and every age. We pray that the sweet spirit that dominated Him may dominate our land and every heart, from that of the President of the United States down to the humblest citizen, from the oldest to the youngest; and that the great spirit of charity and love may spread over all our land, and that the song of the angels may be ours—Glory to God in the highest and on earth peace, good will to all men. For His sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on December 21, 1931, present to the President, for his approval, joint resolutions of the House of the following titles:

H. J. Res. 141. A joint resolution to provide additional appropriations for the Veterans' Administration for the fiscal year ending June 30, 1932; and

H. J. Res. 142. A joint resolution making an additional appropriation for the Employment Service, Department of Labor, for the fiscal year ending June 30, 1932.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 194. An act for the relief of Jeff Davis Caperton and Lucy Virginia Caperton;

S. 241. An act for the relief of Donald K. Warner;

S. 243. An act for the relief of S. F. Stacher;

S. 258. An act authorizing adjustment of the claim of H. E. Hurley;

S. 468. An act for the relief of the estate of Benjamin Braznell;

S. 551. An act for the relief of Blanche Broomfield;

S. 930. An act limiting the operation of sections 109 and 113 of the Criminal Code with respect to counsel in the case of the Appalachian Electric Power Co. against George Otis Smith, and others;

S. 1214. An act to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy;

S. 1306. An act to provide for the incorporation of the District of Columbia Commission, George Washington Bicentennial; and

S. 2077. An act to relieve the Commissioners of the District of Columbia of certain ministerial duties.

The message also announced that in accordance with the provisions of House Concurrent Resolution 4, the Vice President had appointed Mr. FESS, Mr. CAPPER, and Mr. GLASS as members on the part of the Senate of the joint committee to make arrangements for a celebration in the House of Representatives on February 22, 1932, of the two hundredth anniversary of the birth of George Washington.

INCREASE OF FREIGHT RATES

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a short statement I submitted to the Interstate Commerce Commission on August 11 last, protesting against the increase in freight rates.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. HARE. Mr. Speaker, under the leave to extend my remarks in the RECORD I include a statement submitted by me to the Interstate Commerce Commission on August 11, 1931.

The statement is as follows:

In registering my protest against the proposed increase of 15 per cent in freight rates I am not unmindful that the railroads or transportation companies have suffered seriously during this economic depression, but we should not forget that there are others who have suffered just as much and many a great deal more, all of whom are entitled to the same consideration at the hands of our Government. I want to state further at the outset that, in the economy of production and distribution, the carrier has no greater natural right to existence or a guaranteed income from its efforts or investments than the producer.

On the other hand, if there is a superior or prior right to any special consideration or inducement that right must of necessity be resolved in favor of the producer, because his activities and contribution to the economy of mankind existed long before the services of a carrier was needed.

But, Mr. Chairman, it is not my purpose at this time to discuss the relative importance of these two great factors in the economy of man, for they are both extremely vital, and I might say indispensable, under our existing standard of civilization. However, if certain types or classes of producers are to continue to exist, some one must see to it that the market value of their labors are not wholly absorbed by the carrier or distributor. On the contrary, if the Government or any governmental agency should attempt to determine or regulate the value of the efforts or services of either, it should be just as considerate of the one as of the other.

Just at this time both are suffering great financial losses, and if there was ever a time when conditions demanded sympathetic cooperation between the producer and the carrier it is now; and I do not think that there has ever been a more inopportune time for the carrier to ask or demand a higher price for his services than at present. The natural and logical thing under the circumstances would be a reduction in freight rates instead of an increase. The price or market value of everything has decreased except freight rates. The value of man's labor has decreased 100 per cent in some cases, from 10 to 50 per cent in most cases, but the carrier in this case takes the position that it is entitled to a

fixed income and, therefore, must have an increase in freight rates in order to make it.

In this connection I want to repeat that naturally it is not entitled to a fixed income any more than the producer, and the commission should not lose sight of this fact in its deliberations and conclusions. In the light of my observations and experience an increase in rates now will certainly result in a decrease in business or volume for the carrier and very likely a decrease in total income to the railroads. If this is true, the producer will certainly be a loser, particularly those engaged in agriculture, a class of producers who have contributed more toward the support, upkeep, maintenance, and prosperity of the transportation companies than any other class. Right now farm products in different parts of the country are going to waste in the fields, and we hear that there are thousands or even millions of people in cities who are suffering for lack of food. Why? It is all because the rate for the services rendered in transportation is more than the market value of the labor entering into the production of the commodity and is greater than what may be termed the corresponding purchasing capacity of the consumer. As a consequence the commodity fails to move and both producer and carrier are losers. An increased rate in freight will mean that additional crops or commodities will remain in the field, resulting in additional losses to the producer and carrier. It will be admitted that there is a pronounced decrease in the cost of production of most crops. If there should be a corresponding decrease in the cost of transportation, many of these commodities or crops could move from field to market and consumption of same greatly increased.

I understand the railroads are saying that they are suffering on account of serious competition from motor-bus lines; that a large per cent of the freight formerly carried by the railroads is now being hauled by truck, and that an increase in freight rates is necessary in order for the railroads to maintain a certain or definite income. I do not doubt but that the motor truck is carrying much that was formerly carried by the railroads, because they are carrying it cheaper, and it is my judgment if you increase the freight rates the motor truck will carry a much larger proportion of the freight than at present. An increase in freight rates will not add one pound to the volume of freight carried by the railroads. It will give the motor trucks an opportunity to increase their rates and at the same time increase the volume of business in competition with the railroads, which will operate to the loss or injury of the producer; for, in the last analysis, the producer always pays the freight regardless of who carries it. An increase of rates at this time will, therefore, be a great loss to the producer, and he is unable to afford it.

PROPOSED AUTOMOBILE TAXES

Mr. CLANCY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the President's message and on law enforcement and taxation.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CLANCY. Mr. Speaker, the Congress is now considering proposed heavy, unjust, and exorbitant taxes on automobiles, autotrucks, parts, tires, and accessories.

The automobile industry is the key industry of the Nation, and realizes that the imposition of these taxes, which would amount to about \$80,000,000 for the next fiscal year and as much as \$200,000,000 in prosperous years, would not only be a terrific blow to the automotive industry itself but would retard the recovery of many other important industries in the country.

The automobile industry staged legislative battles beginning in 1923, which was led by myself, to kill the odious war-exercise taxes similar in nature to these taxes proposed this year by the Treasury Department, and in successive cuts by Congress in 1924, 1926, and 1928 they absolutely killed all the war-exercise Federal sales taxes on autos, trucks, parts, tires, and accessories.

But the resentment shown by the spokesmen of the industry and the owners of the cars and the accessory businesses dependent upon the industry was mild from 1923 to 1928 compared to the fierce anger which these leaders show now as the industry is attacked just when it is on its way to recovery. Moreover, the auto industry is generally accepted as the one to lead all the other industries of the country to recovery.

AIDS OTHER LEADING INDUSTRIES

The automotive industry is the biggest industrial enterprise of the Nation, but it aids by purchases of material other important industries, as follows: Steel, 15.5 per cent; aluminum, 17.4 per cent; copper, 14.8 per cent; rubber, 82.6

per cent; lead, 26 per cent; nickel, 30 per cent; gasoline, 85 per cent.

Many other great industries are aided, such as the lumber industry, which, for instance, sells a billion feet of lumber per year to the auto industry.

The railroads are tremendously benefited by an enormous amount of revenue from carrying the raw materials to the factories and then transporting the finished product or the knocked-down product to the consumer and the assembling depots.

Steamship lines profit tremendously from the automobile industry.

The New England States, and particularly Connecticut, profit vastly through manufacturing and selling machinery to the auto industry.

ALL STATES AIDED BY AUTO INDUSTRY

There are automobile and accessory factories in 41 of the 48 States. Each of the 48 States furnishes from 2 to 17 per cent of the raw materials of the automobile industry.

Four million working men and working women make their living through the automobile industry, and, as it is fair to presume that each working person is supporting at least three or four dependents, about 15,000,000 men, women, and children are supported directly or indirectly by the automobile industry.

Contemplate the stupendous sum spent by the automobile industry for advertising, which is another aid to American business.

COURAGE, ENTERPRISE, AND PATRIOTISM

No American industry during the terrible depression has shown the audacious courage, the daring enterprise, and the unparalleled patriotism which the automotive industry has demonstrated time and again since its inception only a few years ago.

Every American should be stirred to pride by the challenge to a sick and depressed world flung at the annual automobile show in New York City a few days ago.

The amazing record was made in the worst period the automobile industry has ever had by producing 217 new models, practically all of them giving increased values at decreased selling prices.

This most sensational gamble of all industrial history was made while practically all the companies were "in the red" and were daily losing money.

The new models meant the junking of many millions of dollars' worth of practically new machinery and the installation of newer machinery, tools, jigs, dies, stamps, drills, and so forth. Some of these individual pieces of machinery were enormous in size, and they cost until they hurt. Millions of dollars' worth of parts and accessories in stores and depots all over the United States went to the junk heap when these new models were issued.

The big investment of the automobile manufacturers already made was jeopardized, and an enormous added investment was hazarded. The Rubicon was crossed, the die was cast, and the Caesar of the industrial world is marching on the citadel of depression.

The largest possible number of employees and distribution of work was made by bringing men in this vast imperial progress.

AUTOS NOT LUXURIES OR SEMILUXURIES

The Treasury Department, in its strange hostility to the automobile industry, has insisted for years that the automobile and autotruck are luxuries or semiluxuries and are to be classed in the same category with cigarettes, soft drinks, candy, jewelry, moving-picture houses and other theaters, and so forth.

Every student of political economy knows that the necessities of life are food, clothing, fuel, shelter, and transportation. It is only the Treasury Department experts who claim that transportation is a luxury. Yet they modify this attitude by saying that the horse and buggy and wagon are not luxuries or semiluxuries, and that the railroad freight car, passenger car, and locomotive are not luxuries. They say

that the freight or passenger airplanes are not luxuries or semiluxuries.

They declare that the freight or passenger vessels are not luxuries, but in the rulings they have said that some pleasure yachts are luxuries and especially the larger pleasure yachts, which, of course, everyone knows are luxuries.

The automobile which competes with all of the above and which has largely displaced the horse and buggy and wagon is declared, however, by the Treasury Department to be a luxury or semiluxury.

Recent statistics of the Census Bureau show that a surprisingly large number of automobile trucks are owned and operated by farmers. Four million cars and 26 per cent of all motor trucks are owned by farmers. As I recall the figures, about 80 per cent of the farms in the Middle West, for instance, have autotrucks. All the garden truck farmers living near the cities have autotrucks instead of horses and buggies, and life has been made tremendously easier and the business more profitable by substituting the autotruck for the horse and buggy.

On the farms, the cheap, hardy, passenger automobile often serves as a truck in carrying commodities as well as the family to and from the near-by towns.

The great farm organizations of the United States have taken the attitude that the automobile is not a luxury or semiluxury and is an absolute necessity of life to the farmer.

Accurate statistics show that two-thirds of all car buyers have annual incomes of \$3,000 or less and that more cars are sold to persons having incomes of fourteen hundred dollars or less per year than to those having \$7,000 or more.

TAXES

The Treasury Department has always maintained, especially under Secretary of the Treasury Mellon and Under Secretary of the Treasury Mills, that the automobile is escaping taxation and should be taxed more. Statistics show that the owners of 26,000,000 motor vehicles paid almost a billion dollars in special motor taxes in 1931. Also, they paid large sums in personal property and other general taxes. They are subjected now to gasoline, registration, wheelage, and other special taxes, including such levies as those on drivers' permits and license taxes.

AUTO AND RAILROAD TAXES

Mr. Mills and also Mr. Mellon have continuously argued before Senate and House committees that the railroads are more heavily taxed than the automobile industry. Their statements are not true, and the automobile industry is far more heavily taxed than the railroad industry; and the auto industry is the most heavily taxed necessity industry in the country.

For instance, the railroads pay only \$400,000,000 per year in real estate and property taxes, whereas the automobile industry not only pays real estate, property, and other general taxes, but it pays a billion dollars per year in sales taxes.

It is particularly distressing to me to set the railroad industry off against the automobile industry, as Ogden Mills has often done. Andrew Mellon is guilty of the same offense.

The automobile industry can not be permanently injured by such antagonisms, and Mr. Mills and Mr. Mellon are inviting trouble for the railroad industry when they endeavor to create friction and antagonism between the two industries. The automobile industry simply refuses to get into a row with the railroad industry, and every automotive leader that I have talked to is very anxious to help and assist the railroads in their difficulties rather than to hinder or harass them.

That is certainly my attitude and I want to be of all possible aid to the railroads in their endeavor to get legislative assistance. Recently, I voted for the \$2,000,000,000 reconstruction loan bill, which is designed primarily to assist railroads.

THE MOTIVE FOR THE AUTOMOBILE TAX

But, unfortunately, the arguments of Mr. Mills and Mr. Mellon that the automobile industry must be crippled by heavy taxes to assist the railroads must be faced, as they

have made a heavy impression upon many Congressmen and Senators with whom I have talked. These legislators have been misled into believing that automobiles must be heavily taxed to assist the railroads.

Congressional hearings and records show very bluntly this form of attack. For instant, Ogden Mills, the Under Secretary of the Treasury, spoke with all the power of the administration behind him in 1928, when the administration party was in control of both the House and Senate, assumed this false and damaging line of reasoning. Mr. Mills said before the House Ways and Means Committee in 1928:

The automobile is one of the railroad's chief competitors. Is it quite fair to ask the railroads to contribute to the construction and maintenance of the roads on which their rivals operate, while exempting the latter from any contribution?

Once the automobile tax is repealed it can not be reimposed in time of peace.

We have eliminated most of our excise taxes. There remain for revenue purposes the excise tax on tobacco and automobile sales, the admissions tax, and a few stamp taxes. All of these should be retained in the interest of a well-balanced tax system.

Moreover, Mr. Mills issued a statement December 29, 1931, in an effort to bolster up his crusade, and asked, "Can anyone seriously complain * * * if even automobiles cost a trifle more?" His "trifle" consists of a tax amounting to about \$200,000,000 per year placed upon the purchasers of automobiles and trucks.

MR. MILLS'S "TRIFLE" TAX

His proposed rates are a 5 per cent sales tax placed upon the purchaser of an automobile, a 3 per cent tax on trucks, and a 2½ per cent tax on repair parts and accessories. These "trifles" would place an intolerable burden upon the auto manufacturers and upon the purchasers of autos.

The auto manufacturers spend a vast amount of money in research because they figure that if they cut the cost of the production of the auto by only \$50 they increase tremendously their sales, yet Mr. Mills proposed to offset these aids and economies by his "trifle" tax.

It is proper to place the responsibility for the auto-tax proposal upon Mr. Mills alone, because it is the understanding of prominent leaders of the auto industry that neither the President nor even Secretary Mellon sponsored the tax whole-heartedly or enthusiastically and that their consent to consider it as an administration proposal was forced upon them by Mr. Mills, who has always been the bitter and uncompromising enemy of the automobile industry. When he was a Member of Congress from New York Mr. Mills filled pages of the CONGRESSIONAL RECORD with his savage attacks upon the key industry of the country, namely, the automobile industry, and upon a means of cheap and rapid transportation which is of the highest importance to developing the Republic and lightening the burden of tens of millions of the American people.

FIERCE COMPETITION

Mr. Mills criticized from 1923 on the automobile industry as not being governed by economic laws nor the laws of supply and demand and the same laws which govern other industries, because it made a few men very rich and captains of industry in a shorter time than the leaders of other industries.

I led the fight against Mr. Mills in the House in 1923 and 1924, and I pointed out that there is nothing supernatural about the automobile industry, and that it is governed by the same economic laws as other industries and commodities, and predicted that while there were 300 automobile companies in 1924, that in a few years honest but fierce competition would cut the number in a startling fashion. To-day I have not the figures available, but there are probably not more than 30 automobile companies in this country. It shows the tremendous mortality since Mr. Mills made his intelligent analysis in 1924. In other words, there has been about a 90 per cent mortality, and about 270 automobile companies have gone to the wall, bringing ruin to many investors and sponsors.

To-day there are captains in the automobile industry who are facing absolute ruin and are making desperate efforts to save their plants for the benefit of the country, as well as for

themselves and for thousands of their workingmen. Two years ago more than one of these captains of industry could conservatively say that he was worth \$100,000,000 or \$200,000,000. To-day no business man in the country is more worried or harassed than these automobile manufacturers who face absolute ruin.

Some of the leading automobile dealers of the country who two years ago rated their wealth at over a million dollars now say that they probably can not hold out more than a year before being forced into bankruptcy or retirement.

The dealers with their regiments of sales agents face the future bravely, they hold their weekly pep meetings and tackle their problems with terrific force, acute intelligence, and an unflinching courage, but nevertheless they are not selling the cars.

AUTO INDUSTRY NOT SELFISH

But if you want to hear a real scream of heartfelt rage and agony, you repeat to them Mr. Mills's glib statement about his devastating tax proposal being a mere "trifle." Also, in Mr. Mills's statement of December 29, 1931, he accuses Members of Congress of "doubtful morality" in their tax proposals; but what of the "doubtful morality" of Mr. Mills in singling out only one transportation industry for tremendous taxes? He refused to propose a tax on other transportation interests which compete with the automobile industries. The United States Government, and rightfully so, is granting heavy subsidies to the airplane industry, and directly and indirectly is spending many millions of dollars in developing both the lighter-than-air and heavier-than-air craft. The mail subsidy alone amounts to \$20,000,000 per year, but the automobile leaders do not complain of that nor do they suggest a sales tax on passenger or freight aircraft—mark you, neither does Mr. Mills. The auto people rejoice in that.

NOT ATTACKING COMPETITORS

The railroads were granted by the United States Government billions of dollars in real estate and in land grants, but no one ever heard the automobile leaders complain of those subsidies. Nor have they heard the automobile leaders propose a sales tax on freight or passenger cars, Pullmans, private cars, or locomotives. Neither has Mr. Mills proposed a sales tax on these transportation utilities. The automobile leaders rejoice in that.

The United States Government has spent over a billion dollars of the taxpayers' money on rivers and harbors, inland waterways, canals, locks, and so forth, but the automobile leaders have not complained of that. They have never suggested a sales tax on freight or passenger vessels or any form of tolls through canals or locks. Neither has Mr. Mills done so, to our knowledge. The automobile leaders rejoice at that.

Mr. Mills predicted in the hearings before the House Ways and Means Committee when he was a member thereof that if the automobile taxes were killed through the protests of men like myself, that the country would never see these sales taxes put back again on the automobile industry in peace times. He knew the Congress would not reestablish these unjust and exorbitant taxes, because it would be committing a mistake if it did.

A BATTLE TO THE END

But, meantime, the automobile industry and its friends are taking nothing for granted and will continue their resistance to Mr. Mills's auto-tax plan to their utmost. The 26,000,000 owners of automobiles and trucks in this country and the probable purchasers of new cars will be mobilized to give voice to their protests to their Congressmen and Senators. The 11 great automotive organizations, including the owners of cars, the manufacturers, the accessory, taxicab, rubber, and bus interests, and so forth, will protect themselves.

The farmers and those living outside the cities and villages have found the automobile and its development of good roads their best friend, and representatives of the farm organizations are swinging into the fight against Mr. Mills's proposal even as they did in 1923 and 1924 and have within the

past few days already denounced the tax before the Ways and Means Committee.

Victory seems assured for the owners of automobiles and trucks, but they and their representatives will take no chance on anything being slipped over on them and will not relax their vigilance.

AUTO TAX NOT A TRIFLE

To prove that Mr. Mills's proposed auto taxes are not a trifle take the production figures of 1931 for passenger cars, motor trucks, and parts, tires, and accessories, and they show that Mr. Mills's proposed taxes would result in a revenue of \$78,200,000.

But 1931 was a bad year, and even with difficult times the industry thinks it will sell 10 per cent more cars this year.

However, there are at least 6,000,000 cars being operated to-day in the United States which should be replaced by new cars, as they are antiquated and quite worn out. In good, prosperous years Mr. Mills's proposed taxes will run \$200,000,000 or more per year.

On this 1931 production, I insert the following table to show just how the taxes in detail would be raised:

Passenger cars.....	2,045,000
Wholesale value.....	\$1,175,000,000.00
Average value.....	575.00
Tax, at 5 per cent.....	28.75
Total tax.....	58,750,000.00
Motor trucks.....	420,000
Wholesale value.....	\$260,000,000.00
Average value.....	619.00
Tax, at 3 per cent.....	18.57
Total tax.....	7,800,000.00
Parts, tires, and accessories.....	666,000,000
Tax, at 2½ per cent.....	\$16,650,000.00
Total tax.....	83,200,000.00
Deduct for Canadian sales.....	5,000,000.00
	78,200,000.00

In conclusion, remember that there are three parts to the automobile tax. It is absolutely true that a tax on motor trucks is the most indefensible of all these three taxes, because the motor truck by the wildest flight of fancy or imagination can not be considered a luxury or semiluxury.

Moreover, the tax on parts, tires, and accessories is a misfortune or nuisance tax. If a man breaks a part or wrecks a tire, he is charged a tax for its replacement on his misfortune.

When I led the fight to kill these three forms of taxes in 1923 I found that the entering wedges were the motor-truck tax and the parts tax, as members of the Ways and Means Committee were forced to open their minds to the truth that these taxes are absolutely indefensible from any economic or patriotic standpoint.

The tax on passenger cars is, of course, highly indefensible when other fields of taxation are left untouched. It should be only assessed in war time, as Ogden Mills practically admitted in 1928 when he said that if Congress killed these automobile taxes they could never be assessed again in this country in peace time.

AN INVITATION FROM FLORIDA

Mr. GREEN. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Mr. Speaker and my colleagues, we are rapidly approaching the Christmas season, which is the most joyous and greatest of all. Significant to all civilized Christian people in what it means to them, somehow at this season of the year there is a different feeling in the hearts of all mankind—that feeling of the love of home and the highest spiritual sentiment. I judge that many of you look forward to spending these Yuletide hours in the quiet-

ness and pleasure of your own hearthstone; but to those of you who may find this impossible I extend a hearty invitation to come to Florida and there enjoy to the fullest extent the pleasures and contentment of my wonderful State. The best roads in the world find their way from here throughout all parts of Florida. The railroads are offering you reduced rates with best accommodations and will carry you there in 18 hours. A direct air line from here to all parts of Florida will carry you there in a very short while. At this season of the year fresh and nourishing vegetables are plenteous, her luscious fruits are abundant. A general harvest is rich, and her springs, thousands of them, are gushing forth daily millions of gallons of that wholesome, transparent, and God-given fluid sparkling with purity and virtue. One thousand and three hundred miles of coast waters with beaches are there, where the tide ebbs and flows and the gentle ocean breeze will sweep from your brow the gloom of your daily cares and troubles. If you should be inclined to play and frivolity, you will find playgrounds wide, with strains of sweet music to enrage your heart's desire. But if you would live in the sublime when the hush of night surrounds the universe, your ears will be called by the chimes ranging forth from the Bok Singing Tower when its bells peel forth the Christmas carols. There in this salubrious climate you will enjoy the bright sunshine of the clear atmosphere so charged with the life-giving ozone. When the rays of the golden sun fade in the west a pale moon will mount the eastern horizon and shed its silvery sheen upon you, upon the trees, and upon the lakes and flowers. Then, my friends, in conclusion, I extend to you:

GREETINGS FROM FLORIDA

From palm-fringed shores and sunlit bays,
Where the lakes like jewels glimmer blue,
I am extending you this greeting,
'Cause in Florida friends are waiting for you.

BALANCE THE BUDGET

Mr. SNELL. Mr. Speaker, I have had a tentative arrangement with the gentleman from Illinois [Mr. RAINEY] that we should each have about 20 minutes on the side, to be controlled by the gentleman from Illinois and myself, and that this would conclude the debate to-day. If this is agreeable to the gentleman from Illinois, I shall yield the gentleman from New York [Mr. TABER] 20 minutes.

Mr. RAINEY. Mr. Speaker, I would like to have a little more time than that; say, 30 minutes.

Mr. SNELL. That is all right.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. SNELL]?

There was no objection.

Mr. TABER. Mr. Speaker, I have felt that it was time that some one put before the country what I believe to be the absolutely necessary policy for the United States Government to follow if we are to bring back prosperity. Everyone will remember what criticism was made of England, France, Germany, Italy, Japan, and other countries of the world when they were spending more than their income. Everyone will remember that things in each of those countries, while they went along in that extravagant way, were in absolute turmoil and that no progress was possible toward prosperity for the people, but that their condition continually became worse and worse. The more they became obliged to borrow the worse they became off.

In 1926, in France, under the leadership of Raymond Poincaré, the war-time President of France, the budget was balanced. Her expenses were reduced to come within the amount of revenue she was able to raise by taxing her own people, and France began immediately to climb toward prosperity.

The nearer Italy has come to that condition, the more she has been respected and the better off her people have been.

Germany, with continuous borrowings and with an unbalanced budget, has become worse and worse. Although she spent tremendous sums for public works with borrowed money, conditions have continually become worse and worse.

Ramsay MacDonald drifted along in England until her situation reached the point where he and his party faced absolute political disaster and where England was upon the rocks. Mr. MacDonald had intelligence enough and courage enough to cut loose from a policy which all history has shown to be disastrous and fatal, and to slash the expenses of the British Government and raise the taxes to the point where they would yield the greatest possible revenue. When Mr. MacDonald took his firm stand they reduced the salaries of government employees 25 per cent, and on top of that England went off the gold standard, so that the real cut in salaries and the real cut of every employee in England was not 25 per cent but nearer 50 per cent. There was a cut of 25 per cent direct and at least another of 25 per cent indirect, and a cut in all salaries and prices of 25 per cent due to going off the gold standard.

Can we not take a lesson from England's experience and from the history of the world? Can we not see that if we go on as England did and as other countries did, and continue spending more than our income, that we are heading for a terrible disaster? Can we not see that if we do not stop spending money and get all of our expenses within our income that next year when we sit down to make up the appropriation bills and our Budget, our situation will be much worse?

I appreciate that mine perhaps is a lone voice in the wilderness, but I am expressing the sentiment and issuing a warning that I believe needs to be issued to all America at the present time. That warning is to balance our Budget or face disaster.

Balance our Budget now and we shall have taken the first great step toward prosperity, toward the upbuilding of our business system, toward the restoration of that prosperity which has been the byword of America for 150 years.

Some people have proposed a tremendous bond issue to carry on public improvements. Where are we going to sell the bonds? With an issue of \$1,300,000,000 of temporary bonds of one year, for which bids were opened yesterday, the demand only exceeded the supply by a few million dollars. We have reached the position here in America, where cities have gone so far with building programs that they are now beyond the debt limits and in most cases can not borrow any more money on bonds.

The States are rapidly approaching the same position. It will take just one more year of foolish appropriations and unnecessary bond issues to put the Federal Government in exactly that position. For one, I am violently opposed to seeing my country in that situation.

My own vote and my own effort will be spent entirely in the direction of preventing that situation from arising. We must appropriate such funds as are absolutely necessary to maintain the national defense without any waste and such sums as are necessary to make the Government function. We must also meet the necessary governmental obligations on veterans' relief which is now provided for by law. Beyond the necessary items we must cut and cut to the bone.

I do not advocate the cutting of salaries except as a last resort, but I submit this: It is much better for us who are on the Federal pay roll to take a 10 per cent cut this year, and perhaps a smaller cut in the smaller salaries, than to have to take a 25 per cent or larger cut next year because we have not met our responsibilities. It is both good business from our own standpoint and good patriotism to meet our situation now.

After this we must turn around and try to raise what money we can. We are not going to be able to do as we did in war time and attempt to place the tax on larger profits which were then being made, because there is at the present time no such thing as large incomes on a large scale such as we had in war time and have had in the past five or six years, and we need none of us fool ourselves with the idea that there is such an amount of income as there was in the years of 1925-1929, inclusive. It is not going to be a case of what tax is scientific or what tax is politically expedient, but what tax is going to be necessary which will produce money.

If we can balance our Budget or come so close to it that we are not ashamed to look ourselves in the face, we shall have made the most far-reaching step forward toward American prosperity.

Let us have courage and patriotism; let us stand up to the rack and meet America's situation face to face; let us take one sound, forward, patriotic step; let us put demagoguery behind us and by means of sound legislation, well considered, lead the way to American prosperity. [Applause.]

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed joint resolutions of the House of the following titles:

On December 21, 1931:

H. J. Res. 141. Joint resolution to provide additional appropriations for the Veterans' Administration for the fiscal year ending June 30, 1932; and

H. J. Res. 142. Joint resolution making an additional appropriation for the Employment Service, Department of Labor, for the fiscal year ending June 30, 1932.

UNEMPLOYMENT

Mr. FREAR. Mr. Speaker, I ask unanimous consent to extend in the Record my remarks on unemployment.

The SPEAKER. Is there objection?

There was no objection.

Mr. FEAR. Mr. Speaker, two schools of thought are seeking to steer our country off the rocks of unemployment. One school says that our unemployed, whether 4,000,000 men and women or double that number, must depend upon local charities aided by the Red Cross organization that has left its benevolent impress on the disasters and suffering found in every land.

No one will seek to discredit the charities afforded in national emergencies by the Red Cross, Near East Relief, American Relief, and other associations. The latter extended a helping hand to Russian famine districts in 1921, to Austria, China, and to all countries of warring Europe indiscriminately. Its aid and benevolences, more than its soldiers and sailors, have left for us lasting gratitude on the part of Europe and Asia.

From the lips of Chicherin and other high officials of Russia, from President Michael Heinich, of Austria, from Cuno and Hermes, of Germany, in her dark hours following the war, from Sun Yat Sen, the great patriot of China, and others, when in those countries, I have heard expressions of their gratitude to our own country for relief during their hour of need.

These expressions repeated many times elsewhere leave no uncertainty of American leadership in the great field of world charities. America has responded nobly to every cry for help from the distressed of every land, including our own.

As a joint partner in this humanitarian work, supplying an emergency Federal, State, and local aid supplementing temporary charity, I offer a bill that amplifies benevolences by furnishing constructive labor with just compensation for a jobless army.

PROVISIONS OF BILL

My bill (H. R. 4552) for meeting the unemployment situation provides for a permanent Federal commission of three Cabinet officers acting ex officio with a skeleton organization, excepting in cases of emergency, when the Federal Government is requested to aid local unemployment.

It provides whenever petition is received from any State for contribution to meet local unemployment with notice that the State has made like provision for an unemployment agency, the Federal commission may consider applications from any municipal corporation in that State for contribution toward the construction of specified local municipal improvements. The Federal commission may contribute not to exceed 20 per cent of the cost of the local improvement to be matched by 20 per cent contributed by the State govern-

ment, the balance to be borne by the municipality for which the improvement is to be constructed.

Provisions for safeguarding the money so contributed by the commission, character of the local improvement, control and manner of payment of money and other requirements are briefly set forth.

The Federal Government by contributing \$100,000,000 in any great emergency would thus employ five times that amount in the construction of municipal improvements; the State through its cooperation and equal contribution would assume supervision of construction and thus avoid what might be undue demands by any one locality.

Restriction in the amount paid by the Federal Government of \$1,000,000 to any municipality and of \$5,000,000 in any one State from the \$100,000,000 appropriation would thus provide five times that amount and safeguard any attempt to absorb the appropriation by one or more States. This aid would be in force only during the declared emergency. Not to exceed \$50,000 shall be expended annually for commission's investigations, excepting during the period of the declared emergency.

It answers the proposition that a man or woman asking for work should not be compelled to depend on public charities or beg for aid when out of a job. Wives, children, and other dependents must beg for that aid to-day, and humiliation in so doing is not understood by those blessed with a job or competence.

THE RIGHT TO WORK

Our declaration of rights asserted that all men are born equal, with inalienable rights of life, liberty, and the pursuit of happiness. For those rights colonists fought at Valley Forge and Yorktown. By what reasoning can we justify sending a willing worker to the soup-house or to some other charity when work, not charity, is needed and asked for?

Workmen's insurance, unemployment insurance, and other aid is all preferable to begging for charity, but I submit these do not meet the requirements of those asking for work instead of charity.

From the lips of English laborers, when in that country, I learned their belief that the "dole" encourages idleness and dishonesty by substituting financial support for work. Instead of building a self-dependent manhood and womanhood for citizenship, the dole was declared to encourage slothfulness, hypocrisy, and dishonesty. However worthy its purpose, I learned that was the result.

ACCUMULATION OF WEALTH

All the millionaires in this country of ours could have been counted on the fingers of two hands, possibly of one hand, a century ago. To-day their number reaches many thousands, while men possessing \$1,000,000,000 in wealth are beginning to rival in number our millionaires when the Constitution was adopted. Although in this time of business depression few men know their exact holdings, which illustrates the adage that riches have wings, money is only useful for the comforts and opportunities it brings to its holder and to the people who are permitted to enjoy it.

Neither a billionaire nor a millionaire who has acquired his wealth under our beneficent laws needs vast wealth, for when our forefathers wrote that all men have inalienable rights of life, liberty, and pursuit of happiness, they intended to say that every man, not the few, had full protection under our law to those rights.

It can not be said that a thousand-fold all the wealth of Cæsar must be kept intact and protected to one man and charitable relief afforded another without inviting the inquiry, Is that the purpose of our widely heralded democracy?

In this day of financial extremes, where men of wealth satisfy their consciences by dribbling small charities to keep other equally good Americans from starving, we may well ask, Have we assured to those in need rights promised by our forefathers when establishing this Government?

Men of great wealth generally place a large share of their wealth in tax-free securities, or make large gifts to maintain others in luxury and so escape estate taxes. They receive the protection of this Government in acquiring that

wealth. Should they be relieved from paying for that protection when hoarding their wealth?

I have no envy for any man possessing great wealth. He misses much in life for the enjoyment he gets in accumulating money. To cite an extreme case, the miser gets happiness out of his habits and his sacrifices for wealth, but few people envy him that joy. We are dealing with rights when that wealth is permitted to accumulate and is protected, to the exclusion of rights to work and live by millions not blessed with food or shelter.

MEN WHO ASKED FOR JOBS

It is generally understood that Secretary Mellon, by threats of resignation and of ultimate national financial confusion, compelled Presidents Harding, Coolidge, and Hoover to oppose and veto veteran compensation legislation. Its effect on the subject in hand is disclosed by the following extract from a speech in the House on February 16, 1931. Quoting from the committee hearings of January 31, I said:

Appeals for relief of unemployment by veterans and tales of need do not go to Mr. Mellon, where they would be unanswered, but to General Hines.

I quote from the committee hearings of January 31:

General HINES. I estimate between 200,000 and 300,000 ex-service men are out of employment. * * *

Mr. FREAR. You have previously stated that not over 50 per cent, if given the option, would release their certificates, so that 50 per cent will not be forced; is that right?

General HINES. That is correct.

Mr. FREAR. The proportion that will be forced is simply those out of work, in distress, with their families in need. Now, what provisions are we to make to care for those people, other than by the bills which are now before us?

General HINES. I indicated, Congressman, I felt we should make an effort to get them into employment * * *. The Department of Labor, with the cooperation of the Veterans' Administration and the service organizations, indicate the result of our combined efforts * * * that from May until December of 1929, 35,974 veterans they were able to place in employment 13,253. An additional 17,439 have been referred to employers but to date it has not resulted in getting a job.

Mr. FREAR. On the basis of those figures 22,000 of the 35,000 are still out of employment.

General HINES. Yes.

Mr. FREAR. Now, what proportion of the total number would you say are in this third group that are in distress or in need?

General HINES. I think I limited it to two or three hundred thousand.

Mr. FREAR. These combined efforts, as you have stated, have provided 13,000 with employment out of two or three hundred thousand. What are we to do for the balance of those two or three hundred thousand?

General HINES. It is our duty to continue our special effort to get the veteran employment. * * *

Mr. FREAR. But if we have only secured 13,000 positions out of two or three hundred thousand we have not made much progress. * * *. Of course, they are put in competition with the great number out of employment who are not ex-service men. That is one reason why 13,000, the number provided for, is so limited, is it not?

General HINES. Yes.

If Secretary of the Treasury Alexander Hamilton, No. 1, had said to General Washington, first in the hearts of his countrymen, that the survivors of Valley Forge, when asking for bread, should be given a stone or shown the soup house, that great patriot, whose bicentennial we are about to honor, would doubtless have replied that Aaron Burr must hurry his sunrise meeting.

Patriotism has been so diluted since those days by foreign investments, foreign entanglements, and war profiteering that the second Hamilton, although rolling in wealth, enhanced by the World War and sacrifice of veterans now in need, disclosed a different atmosphere when he says, in effect, a soldier must depend on charity. I am using his case as an object lesson and not because of any prejudice against the individual.

That eminent financier was aware last year of the fact that 287,000 veterans, once ruthlessly taken from their jobs to fight our battles, were then out of employment, without hope of jobs; that families had suffered mentally and financially during their absence in war; that these families in many cases are now dependent on charity; that I O U's of Uncle Sam in the form of Government insurance certificates, the best security in the world, were offered by Congress and

that loans, not gifts, were asked to tide these men over a great business depression. To placate the present Secretary of the Treasury it was agreed by Congress, over protests, that the wealthiest government in the world might shave interest rates so that the Treasury would make an actual profit from these loans to veterans.

That relief bill was vetoed, with a dismal prospect of crowding soup houses already the refuge of several million other Americans looking for jobs. Congress, irrespective of politics, voted not to throw out the pleas of men who fought, to save Mellon's millions. In so doing, to a mild degree, it reflected the immortal spirit of the Father of our Country when again it overruled a President's veto.

Veterans asking for a job were to be handed a soup ticket. That was and is Americanism down to date. Congress must return to an Americanism which declares "work," not "charity," is the right of every man, so far as the Government can provide.

No system can be devised that will prevent injustices or suffering, but it is well to consider extremes when charity is offered as a remedy for the needs of millions of people out of employment and who want work.

MEN WHO GOT JOBS

Present conditions were disclosed when the press recently reported that a call in one city for 250 men to dig ditches for sewers caused ten times that number to stand in line during the night, including many white-collared men, all looking for jobs to dig dirt at nominal wages. A small riot was precipitated by the excess of labor asking for that work.

Senator LA FOLLETTE's committee has been holding hearings during the recess and has many valuable data on which to frame a bill or bills to meet the present unemployment emergency, but I have had the temerity to offer a suggestion which may properly furnish a basis for additional permanent relief.

A Federal unemployment commission to deal with the problem might well follow the plan of Federal highway aid. That commission should be authorized in emergency to extend possibly not to exceed 20 per cent of the cost of new local municipal improvements, providing the State in which a municipality is located contributed a like amount of State money.

This would leave 60 per cent of the actual cost of the improvement to be borne by the municipality. Such improvements, when an emergency was declared to exist, would extend from ordinary permanent municipal improvements to projects for housing and otherwise caring for the welfare of the people. The work to be performed under joint supervision after the project, including wages and amount of joint contribution, had been determined and agreed to.

Large cities that have a proportionately large surplus of unemployed labor would thus be relieved from a portion of the excess burden of caring for unemployed who flock there in times of depression.

Surrounding restrictions should be required with limitations of character of work to receive contribution, amount to be expended, with an additional provision that Federal officials be required to approve every project, its necessity, and usual building conditions in manner similar so far as applicable to present authorizations for Federal building construction throughout the States.

Federal aid would be extended only in cases of unemployment emergency, to be determined by the administrative board acting under definite provisions of law, to avoid extravagance or unauthorized expenditures. Such Federal aid would be based upon cooperation by the State and local municipal unit. Details could be provided for safeguarding the Federal Government and a plan could be developed to meet the necessities of a situation that everyone concedes demands vigorous treatment.

EXPENSE, HOW BORNE

What will be the expense and how will it be met?

Under charitable contributions those best able to pay generally shirk their full duty. Under income, estate, gift, and like tax measures those best able to pay must give support to their Government. Evasions or exemptions due to trusts,

gifts, tax-free securities, or other provisions that prevent the Government from collecting the full amount paid by ordinary taxpayers are frequent. Remembering that our Federal tax rates are below those of practically all other countries, a tax based on ability to pay would be just to those taxed. That is the present proposal of the administration.

That is a separate responsibility of Congress and an increased tax to balance the Federal Budget should give priority to the establishment of such an unemployment bureau. Highways, waterways, irrigation, and other like proposed expenditures, especially where undertaken without proportionate local contribution, should wait in times of stress because slight scrutiny will often disclose doubtful utility and the fact that actual manual labor on those projects is not to be compared with the harvest of profits ordinarily reaped by contractors using modern machinery. The right to work is superior to community benefits claimed to be gained. Frequently much public money is wasted under the guise of public "improvements," and Congress as well as the President has a responsibility for the wise expenditure of money, second only to the prior right of work for those in need.

With war-debt payments already anticipated by the Treasury it would not embarrass this Government to ease the present depression by a bond issue, if need be, that would be oversubscribed by those who are looking for safe investments. Until industries are again on a normal basis this course would give needed relief.

If relatively more important expenditures are to be considered, it would be well to delay, if not permanently postpone, a naval-parity program which seeks to secure a billion dollars from the Federal Treasury for naval parity with Great Britain in addition to an annual drain on the Treasury of three-quarters of a billion dollars now paid for maintaining our Army and Navy. That tax drain to-day is more than double the cost of our defense measures prior to the World War, and greater than is paid by any other country for "national defense." Other like extravagances are familiar to every Member.

By payment of \$1,000,000,000 toward unemployment in one year, a proper investment, the Federal Government could secure a contribution of four times that amount from the States and municipalities, or a total of \$5,000,000,000. Probably one-tenth of \$5,000,000,000 that could thus be raised for any emergency would be sufficient to meet ordinary demands, but work should be given to those who ask for it, where possible to furnish.

A contribution of \$100,000,000 from the Federal Government, with a like sum from the State and three times that amount from the municipality, would furnish employment for 2,500,000 people for several months at modest compensation, and double that Federal contribution would provide 5,000,000 unemployed with work on useful improvements throughout the average period of depression. Compared with appeals to charities, this would be a far better method of relief than to provide simple gratuities which would not approach those amounts during the same period nor be equitably contributed by those best able to pay.

The blessings of individualism have long been held up to the world, but when men and women ask for work instead of charity it is time for us to give attention to our own public methods that excite criticism from abroad.

The suggestion is here proffered of a constructive plan that may be further developed with a protest against forcing self-respecting people to line up with down and outers, by pleading for charity, when work and not charity is asked. Our country can and should face the problem squarely, by making provision for the present and for future emergencies that are sure to come.

BETTER INVEST OUR MONEY IN AMERICAN JOBS

One word in conclusion: The Commerce Department's Bureau of Foreign and Domestic Commerce reports the United States and its citizens hold approximately \$24,500,000,000 in foreign investments, or \$200 per capita for every

man, woman, and child, including 5,000,000 unemployed, 95 per cent of whom have no part of that enormous investment.

The total is divided into \$7,740,000,000 cash value (?) of \$11,640,000,000 war debts when whittled down to date with likelihood of more whittling to be done.

Fifteen billion dollars is in private long-term investments in factories, mines, public utilities, and various foreign government bonds and \$1,725,759,000 in short-term credits. Of these investments Canada has \$3,941,693,000; Europe, \$4,929,277,000; South America, \$3,041,926,000; and Mexico, Central America, West Indies, Africa, Asia, and Oceania have practically all the rest of the \$15,000,000,000. If our financiers can place their securities in such large quantities abroad, it would be well to reserve a portion here for the use of America's unemployed.

To get a picture of the moderate tax paid by the American, compared to that paid by his English cousin, the last tax proposal by Snowden in England reached 5 shillings (or 25 per cent) on the pound as the basic income tax. Ten per cent increase in the surtax on higher incomes is also one method of distributing wealth in conservative England.

Sixteen cents per pound on smoking tobacco, 16 cents tax a gallon on gasoline, and similar heavy English taxes are then imposed. A small fraction of that tax rate would provide work for all of America's unemployed.

It is sometimes comforting to know that misery has company, and in these days of business depression when all the world is affected, the situation does not look so bad when we realize that, after all, ours is the best country in many ways, and it is only a matter of better distribution of wealth by taxation that is asked for in time of need and a contribution from those best able to pay to provide work for those who ask for it and not for charity.

I attach hereto bill (H. R. 4552) that provides for a permanent Federal unemployment commission.

H. R. 4552

A bill to provide for cooperation with the States and with municipal corporations for the relief of unemployment by extending Federal aid toward the construction of municipal improvements
Be it enacted, etc.—

FEDERAL COMMISSION FOR THE RELIEF OF UNEMPLOYMENT

SECTION 1. That a Federal commission for the relief of unemployment (hereinafter referred to as the commission) is hereby created, to be composed of the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of Labor. Two members of the commission shall constitute a quorum for the transaction of business, and the commission shall have an official seal, which shall be judicially noticed. The President shall designate the chairman of the commission.

EMPLOYEES AND ADMINISTRATIVE EXPENSES

SEC. 2. That the commission shall appoint, without reference to the civil service act of January 16, 1883, an executive secretary, who shall receive a salary of \$5,000 a year; and may employ, subject to the said civil service act and the classification act of March 4, 1923, as amended, such experts and other personal service as may be necessary to carry out the purpose of this act. The commission shall occupy rooms assigned to it by the Public Buildings Commission; or if no such rooms can be assigned, the commission may rent suitable rooms in the District of Columbia. The commission is authorized to purchase, through the General Supply Committee, such furniture, stationery, and other supplies as may be necessary to carry out the purpose of this act. For the expenses referred to in this section there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary, not to exceed \$100,000 for any one fiscal year: *Provided*, That such appropriation shall not be expended at a rate in excess of \$50,000 a year except during such times as an emergency has been declared to exist, under section 3 of this act.

UNEMPLOYMENT EMERGENCIES

SEC. 3. That the provisions of this act relating to Federal aid shall apply with respect to any State only during an emergency condition in the unemployment situation in such State; the existence of the emergency condition being declared by the commission, subject to the approval of the President; but no such condition shall be declared to exist in any State until after some duly constituted official of that State has requested the commission to make such declaration. The commission, subject to the approval of the President, may declare the termination of an emergency condition in any State; and shall make such declaration whenever so requested by the legislature of the State or by the governor, if the legislature has not been in session at any time during the preceding 60 days.

APPLICATION FOR FEDERAL AID

SEC. 4. That during any emergency condition in the unemployment situation in any State, any municipal corporation in such State may apply to the commission for Federal aid for the construction of permanent improvements, and the commission is authorized to grant such Federal aid under the following conditions:

(a) The Federal aid shall be limited to 20 per cent of the estimated total cost of the improvement.

(b) The State must guarantee, through some commission or other agency duly authorized by the legislature thereof, that it will contribute toward the same improvement, an amount at least equal to the Federal contribution, and that it will be responsible for the completion of the improvement, in case of any default on the part of the municipal corporation to comply with its obligations under this act.

(c) The municipal corporation must provide for defraying all cost of the improvement in excess of the Federal and State contributions; and the commission must satisfy itself before approving the application that this provision constitutes a valid legal obligation on the part of the municipal corporation.

(d) The application must be accompanied by detailed plans and specifications for the proposed improvement, including an estimate of cost; and no Federal aid shall be granted until the plans, specifications, and estimate of cost have been approved by the commission.

(e) The commission shall have complete discretion to refuse to grant Federal aid to any municipal corporation in respect to any specific application; but the reasons for such refusal shall be communicated in writing to the municipal corporation.

(f) The proposed improvement set forth in the application must be of a permanent character, and may be in the nature of facilities for water, light, gas, power or sewage service, municipal buildings, or dwelling houses to be the property of the municipal corporation.

(g) Before any of the Federal appropriations are expended the commission must be satisfied that the State aid is actually available, that any necessary bond issues have been validly authorized and the proceeds of the bonds made available, and that both the State and municipal agencies for the expenditure of the funds are effectively organized.

(h) The agreement providing for Federal aid shall contain such provisions as to methods of construction, wages, and other details as the commission may think necessary or desirable; and the commission may withhold any Federal contribution if in its judgment such provisions have not been complied with. No contribution of Federal funds shall be made except proportionately with funds advanced by the State until the improvement is completed and the action by the commission shall not be subject to review by any court, but only to an appeal to Congress for relief.

APPROPRIATIONS

SEC. 5. That for the purpose of carrying out the provisions of section 4 of this act there is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated the sum of \$100,000,000: *Provided*, That not more than \$1,000,000 shall be contributed in aid of any one municipal corporation, nor more than \$5,000,000 for municipal corporations in any one State in a single year.

SEC. 6. The commission is authorized to call upon all agencies of the Federal Government for information or advice in connection with the operation of this act, and the commission shall from time to time make detailed recommendations to Congress for further legislation needed in order to carry out more effectually the purpose of this act, and shall at the beginning of each session of Congress make a full report of all expenditures made under section 4 of this act subsequent to the period covered by its last preceding report. The commission shall meet at any time at the call of the chairman or of the President; and the chairman shall call a meeting within 10 days after a request from the governor of any State for a declaration of an emergency condition in the unemployment situation in such State.

ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a radio speech I made last night, and to include a letter from Thomas Kirby, national legislative chairman of the Disabled American Veterans of the World War.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following speech delivered by myself over the Columbia Broadcasting System Monday evening, December 21, 1931, on the subject, "Why the adjusted-service certificates should be paid in cash now."

Are veterans of the World War "bonus racketeers," "Treasury raiders," and are they trying to bankrupt the Government? Many such charges have been brought against them. Many such odious terms have been applied to their demands. If their requests from the Government are unreasonable, such charges are at least corroborated. If, on the other hand, the veterans are reasonable in their demands and are supported by both justice and right, the charges are unauthorized and the ones making them are entitled to have their motives impugned.

H. R. 1 FOR FULL PAYMENT

Congress should immediately pass a bill authorizing the full cash payment of the adjusted-service certificates. My bill, H. R. 1, introduced the first day of Congress, provides for full cash payment without deducting interest on prior loans since October 1, 1931. This proposal is indorsed by the Veterans of Foreign Wars, the Disabled American Veterans of the World War, Fleet Reserve Association, and many other organizations.

NOT BONUS CERTIFICATES

Three million six hundred thousand veterans of the World War hold adjusted-service certificates. They are not bonus certificates and do not represent a bonus; they represent a just and honest debt confessed and acknowledged by the Congress of the United States to the veterans of the World War for services rendered. They range in value from \$126 to \$1,590 each; the average certificate is for \$1,000. The holders of these certificates reside in every nook and corner of America.

COMPOUND INTEREST WILL CONSUME REMAINDER

Two million five hundred thousand of these veterans, or about 75 per cent, have borrowed \$1,300,000,000 by using their certificates as collateral security. They are paying 4½ per cent interest, compounded annually, for their own money. They are now charged with being unpatriotic for objecting to the remaining one-half of their certificates being consumed by compound interest. They are told the money will be needed by them much worse in 1945. A veteran holding a certificate of the average size, who has borrowed the limit allowed by law, as these veterans have borrowed, and does not pay any part of it back, will be able to negotiate another loan on his certificate in 1944 for \$16.55; the next year, 1945, he will be given \$66.25 and his certificate will be canceled. Compound interest will consume the remainder.

Two billion two hundred million dollars will pay the balance due on all the certificates. Only the uninformed or the veterans' enemies contend that the Government can not conveniently make this payment now. The Government can be saved tens of millions of dollars a year in administration expense by making the payment now, and at the same time save the veterans, their widows, and orphans tens of millions of dollars annually in compound interest. For a veteran to be required to pay interest for his own money is bad enough, but to require him to pay "compound interest" is adding insult to injury.

The veterans' problem is the problem of the plain people. Most of the veterans belong to that great middle class. It is that class that has done so much for this country. They are the ones who build our country in time of peace and who save our country in time of war. If they are made prosperous, everybody will be prosperous; they have the consuming power.

The plain people will be greatly benefited by the payment of the adjusted-service certificates. A benefit to them is a benefit to the Nation.

OTHERS RECEIVED ADJUSTED PAY

The principle of adjusted pay was invoked by our Government for the benefit of others who rendered war services. The railroad owners and war contractors were given billions of dollars by the Government immediately after the war in adjusted compensation. Federal employees, drawing \$2,500 a year or less during the war, drew \$1,200 and \$1,400 each as adjusted compensation—this payment costing the Government \$300,000,000. Foreign countries were given \$10,000,000,000 in the adjustment of their debts with us and they used our money to pay their own soldiers not only adjusted compensation but bonuses aggregating as high as \$7,290 each. Remember, the railroad owners, war contractors, and Federal employees were paid by our Government in cash, and ten billions were given to foreign countries at a time when our Nation owed \$26,000,000,000. No one asked the question, "Where are we going to get the money?" Our Nation owes at this time \$10,000,000,000 less than it owed at that time.

ACT OF 1924

Congress passed a law in 1924 which was known as the adjusted compensation act. The report of the committees of Congress reporting this bill, both House and Senate, and the copy of the proceedings of both Houses in the discussion of the measure disclose that by the enactment of this law Congress intended to confess and acknowledge to the veterans of the World War a debt for extra pay during the time of their military service equal to \$1 a day extra pay for service in the United States and \$1.25 a day extra pay for service overseas. These reports and discussions further disclose that the amount was arrived at by taking into consideration the difference between what the average private soldier, sailor, or marine received for his service at \$1 a day and his food and clothing, which was furnished by the Government, and what the lowest paid laborer in America received as compensation during the war. This calculation enabled the lawmakers to come to the conclusion that the veterans were entitled to receive between \$1 and \$1.25 a day extra pay and resulted in allowing the men in domestic service \$1 a day extra and the overseas men \$1.25 a day extra.

Contrary to the belief of many people, the veterans of the World War are not asking Congress to give them one penny more than the \$1 or \$1.25 that has already been confessed. The veterans are not asking that the amount be raised; they are merely asking for the payment as of the time their services were rendered with a reasonable rate of interest since that time.

Is that an unreasonable request? No one can contend that it is.

Congress, in the passage of the act which confessed the debt to the veterans, provided that instead of paying them in cash, the amount due them would be increased by 25 per cent for waiting, and they would be given an endowment-insurance policy, due January 1, 1945, for an amount equal to what such a premium would purchase, according to the American Experience Table of Mortality, at 4 per cent interest, which was done. Under this act veterans were permitted to borrow from the Government, by using their policies as collateral security, a small amount each year, equal to about \$2 a month on the average policy. On these loans the veteran was required to pay a rate of interest equal to 2 per cent above the rediscount rate effective in the Federal reserve district where the veteran resided. This resulted in the veterans being required to pay 6, 7, and 8 per cent interest, compounded annually, for their own money, which they paid for many years.

In the full-payment bill now pending the veterans are not asking for the 25 per cent increase for waiting—just the amount due at \$1 and \$1.25 a day as of this time the services were rendered, with a reasonable rate of interest since that time. The 25 per cent increase is omitted.

What is a reasonable rate of interest? The Government in charging the veterans 6, 7, and 8 per cent interest, compounded annually, for their own money admitted these amounts were reasonable; therefore, a request for 6 per cent interest, compounded annually is not unreasonable. That is all the bill calls for. If the veterans are paid the \$1 and \$1.25 a day with 6 per cent, compounded annually, from the time the services were rendered, each veteran was entitled to receive, October 1, 1931, an amount equal to the full face value of his adjusted-service certificate. Therefore the face or maturity value of all the adjusted-service certificates is long past due. They must be paid some time. If paid now, both veterans and the country will be benefited. The additional purchasing power such payment will afford is badly needed at this time.

HAS THE LAW AUTHORIZING LOANS OF 50 PER CENT UPON ADJUSTED-SERVICE CERTIFICATES CAUSED ANY PART OF THE TREASURY DEFICIT?

This charge is often made. It is not true. No part of the Treasury deficit has been caused by loans to veterans on their adjusted-service certificates. November 28, 1931, the Veterans' Administration furnished me with the latest information relative to these loans. This information discloses that a total of \$1,173,330,971.37 has been loaned to veterans under both the old and new laws relating to loans; \$537,339,791.76 loaned under the original act of 1924, when the debt was acknowledged; \$635,991,179.61 has been loaned under the new act of 1931 authorizing a loan up to 50 per cent of the value of certificate.

None of this money has been loaned by the Treasury Department. It has all been advanced from two funds, as follows:

Adjusted-service certificate fund.....	\$840,243,494.98
United States Government life-insurance fund....	332,987,487.28

There is in the adjusted-service certificate fund at this time, after deducting the above amount, and which may be used to advance on additional loans, the sum of \$153,925,720.

A letter from the Veterans' Administration to me, dated November 28, 1931, substantiates the statements I have made.

MISLEADING HEADLINES

During the past two or three days newspapers all over the Nation have carried this headline, "Veterans' bonus of \$200,000,000 passed by Congress." One would immediately come to the conclusion that a new veterans' bonus bill has passed and that the veterans who have borrowed can now secure an additional sum on their certificates. Such is not the case. The President, anticipating that the adjusted-service certificate fund will become exhausted and that additional funds will be needed for the purpose of loaning veterans their own money at 4½ per cent interest, compounded annually, requested Congress to make the \$200,000,000 available for that purpose. A veteran who has borrowed 50 per cent on his certificate is not affected by this legislation. He can not borrow an additional sum. The appropriation is for the purpose of granting additional loans to veterans who have not borrowed the limit allowed by law.

WHERE WILL WE GET THE MONEY TO PAY THE CERTIFICATES?

Our national debt is being retired too rapidly. Congress passed a law which established the policy of the Government in the retirement of this debt. Since the war was fought for posterity, Congress declared that the payment of the debt caused by the war should be borne, at least partly, by a future generation. The Secretary of the Treasury, contrary to the policy expressed by Congress, has paid \$3,500,000,000 more on the national debt the past 10 years than Congress said should have been paid during that period of time. Congress can pay the adjusted-service certificates in full in cash now and our country's national debt will not be as great by over \$1,000,000,000 as Congress, 10 years ago, contemplated that it should be at this time. Our national debt, compared to our national wealth, is insignificant and is nothing compared to the indebtedness of foreign countries. Our national debt is between sixteen and seventeen billions of dollars. Our national wealth is thirty times the amount of such debt.

HOW WILL THE MONEY BE SPENT?

Will the veterans waste the money? It is their money. They have a right to spend it for any purpose they choose. An investigation made by the Veterans' Administration for the purpose of discovering how the money was spent that was paid on the 50 per cent loans disclosed that 65 per cent was spent for comforts

and necessities of life; 20 per cent for investment purposes, including payments on homes; 8 per cent on automobiles; and 7 per cent in a way that no practical benefits were realized therefrom. The average age of the veterans is 39½ years. They are married and have children. Almost a million of them are out of employment. They need the remaining half of their certificates much worse than the Government needs it in compound interest.

THE NATION WILL BE HELPED \$18 PER CAPITA

If the remainder of the certificates are paid in full it will be the same as distributing \$18 per capita all over the Nation. In a city of 1,000,000 people \$18,000,000 will be paid to the veterans. This money will go immediately into the channels of trade. A veteran will pay his doctor bill, drug-store account, grocery bill, an installment on the furniture, a payment on the home, or possibly enjoy additional comforts and necessities of life. All the people in that city will be helped. The benefits will not be confined to the veterans and their families.

GET THE TRUTH TO THE PEOPLE

This is not a question of sympathy. It is a business proposition. A great principle is involved. That is, shall the Government liquidate this debt in the same way that debts owed by the Government to others are liquidated? If so, it should be paid in cash now. The veterans do not want sympathy, they want understanding. We will be victorious when the people understand that our request is both right and reasonable. Our problem is getting the truth to the people. The request for this payment does not come from veterans alone but from farmers, wage earners, manufacturers, wholesalers, retailers, jobbers, business and professional men and women, and all others who want a wrong righted and our Nation made prosperous.

FIGHT WILL CONTINUE

We have a just cause; we are right; the fight has just commenced, and it will continue until the certificates are paid in full.

It has been contended that the Disabled Veterans of the World War are not favorable to the proposal that the adjusted-service certificates be paid in full in cash now. The following letter is self-explanatory:

DISABLED AMERICAN VETERANS OF THE WORLD WAR,
Washington, December 17, 1931.

Hon. WRIGHT PATMAN,

House Office Building, Washington, D. C.

MY DEAR MR. PATMAN: In response to your request for confirmation as to the position of the Disabled American Veterans on the matter of adjusted-compensation-certificate legislation at this session, you are informed that the Disabled American Veterans of the World War stands for the immediate cash payment of this obligation.

This position has resulted from the action of the eleventh national convention of the Disabled American Veterans of the World War last June at Wilkes-Barre, hundreds of delegates representing every section of the country voting overwhelmingly to make this an item of the national legislative program. This was not a precipitate action from the floor but came after the legislative committee had deliberately considered numerous resolutions from various units.

In this connection the eligibility of the Disabled American Veterans of the World War can not be overemphasized. This is the only organization of any wars' disabled in the history of the Republic that has been federally recognized, and we have always been extremely jealous of our eligibility lists, which are limited exclusively to men whose disabilities resulted from their military or naval service.

As you are aware, the legislation at the last session came at a time when the distress among the disabled was not as severe as at present. I know it will be interesting to you to be informed that the first employment census of the disabled since the armistice was taken during the past summer under the guidance of the Disabled American Veterans of the World War. There was sent to every compensable man in America a questionnaire as to his employment status and the tabulation from these returns showed there were 75,000 service-connected disabled men without employment whose average compensation is less than \$30 per month. It has been estimated that 20 per cent of the soldiers were married, while to-day 80 per cent of the veterans are married, and the vast majority of these have dependents. It is easy to visualize the distressful condition of these men at this time of depression so, if the legislation last year was justified, it is more so at present, so far as the war's disabled are concerned.

Cordially yours,

THOMAS KIRBY,

National Legislative Chairman.

I want to thank Mr. Harry C. Butcher and the other officials of the Columbia Broadcasting System for the privilege of making these remarks over the air.

I shall be glad to send to anyone requesting it a copy of a speech which covers every phase of this subject, answers every argument against the proposal, and discloses the number of veterans in each State holding adjusted-service certificates and the amount that will be paid these veterans if H. R. 1 passes Congress. You may address your request to Representative WRIGHT PATMAN, House Office Building, Washington, D. C.

APPALACHIAN ELECTRIC POWER CO. *v.* GEORGE OTIS SMITH

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 930, limiting the operation of sections 109 and 113 of the Criminal Code with respect to counsel in the case of the Appalachian Power Co against George Otis Smith and consider same.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That nothing in sections 109 and 113 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, as amended (U. S. C., title 18, secs. 198 and 203), or of any other act of Congress forbidding any person in the employ of the United States or acting in any official capacity under them from acting as agent or attorney for another before any department or branch of the Government or from receiving pay for so acting shall be deemed to apply to counsel serving in the case of the Appalachian Electric Power Co. *v.* George Otis Smith et al., now pending in the District Court of the United States for the Western District of Virginia.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. SUMNERS of Texas, a motion to reconsider was laid on the table.

PHILIPPINE INDEPENDENCE

Mr. RAINEY. Mr. Speaker, I yield five minutes to the gentleman from the Philippine Islands [Mr. OSIAS].

Mr. OSIAS. Mr. Speaker, I wish at the outset to express my grateful appreciation for the uniform courtesy extended to me by the Members of the House of Representatives during my incumbency in office. I am thankful for the generosity of the majority floor leader in allotting me a few minutes to discuss in a preliminary way the Philippine question.

I shall do nothing more on this occasion than to present the true stand of the Filipino people in regard to our national freedom and apprise the membership of Congress of the subtle and widespread propaganda misrepresenting the real sentiment of my people and the declaration of the Filipino leaders.

Mr. Speaker, it is neither new nor strange to us that those opposed to the redemption of America's pledge to grant independence to the Philippines should labor to frustrate favorable action. We have long been the victims of a campaign of misinformation and misrepresentation. Time and again in the past accusations had been hurled against us. Our adversaries have alleged that the Filipinos do not really want independence; that only politicians are clamoring for it; and that the leaders must go through the gestures to keep themselves in power.

We have repeatedly denied these charges. We have answered that the fact that no Filipino may be elected to any office if he is not for independence is a proof of our universal devotion to our national emancipation. We have answered that all live elements of our population are convinced that independence is the best solution of the Philippine question. We have answered that the allegation that leaders have to advocate independence to keep themselves in power is really an argument in favor of independence, for it clearly reveals that the masses compel their leaders to take a firm stand.

At the extensive hearings on Philippine independence before the Senate Committee on Territories and Insular Affairs, the insidious propaganda reached the members. We are indebted to the Senate committee for the categorical answer given. I quote the exact words of the majority report:

It is insinuated that the Philippine people do not actually desire independence and that their leaders do not really favor it, and yet, in reply to this propaganda, there comes from the entire press of the Philippines, from all classes of its population, from its school children and its public officials, from the representatives of its political parties, majority and minority, a demand for independence.

Not a single witness before your committee could name 10 Filipinos who do not favor independence. The business organizations of the islands, their national conferences, their educators, their government officials, their economists have all declared for

independence. The Philippine press, the Philippine public, the Philippine pulpit, the Philippine school, and Philippine industries seem, so far as we can ascertain, to be unanimous in the demand that the United States redeem its pledges to grant to these people the sovereignty to which they aspire.

In recent months a similar propaganda was renewed with greater intensity. Now it is blatantly announced to the four winds that the Filipinos have changed front. Right here in Washington there are individuals or agents interviewing Members of Congress and whispering that the Filipino leaders no longer want independence. They are distributing drafts of measures alleging that they embody the new stand of my people. I have in my possession a copy of such a measure kindly furnished me by a colleague. I also hold in my hands a printed pamphlet skillfully conveying the idea that a number of Filipino leaders no longer desire immediate independence and national sovereignty.

I stand here and say authoritatively that the allegation that we have changed front is false and unfounded. We employ no lobbyists—Filipino, foreigner, or American—to voice our desires. We speak for ourselves. The Philippine Legislature and the Filipino people are cognizant of the proper procedure in approaching the people and Government of the United States. Within a few days an independence mission sent at the behest of the Philippine Legislature will arrive in Washington. The members of this body and the American people at large are entitled to the truth, and the truth they shall have from the authorized and chosen spokesmen of my people. [Applause.]

I have the deepest respect for the Congress of the United States, and I wish to say without fear of successful contradiction that if the Members could visit the Philippines they would see for themselves that the Filipino people's demand for independence to-day is more vocal and insistent. Speaker Roxas, who headed the last mission that appeared before congressional committees during the last Congress, voiced our true sentiments when he pleaded for the immediate, absolute, and complete independence of the Philippines. Senator Osmeña, speaking at the last session of the Philippine Legislature, stated what the Filipinos most desire, in these words:

What our people want now is their independence; that they be allowed to live their own free life, direct their own destinies, and establish, finally, a government of their own, loved and sustained by themselves under the aegis of their own flag.

Senate President Quezon, whose views had been garbled in transmission and very seriously misrepresented in the American press, defined the relations that the Philippines should have with America when he submitted his report to the legislature. No one who knows the patriotic and self-sacrificing spirit of our national leader in our emancipatory struggles extending over a period of years, no one who had ever come in contact with him while in Congress could ever doubt that he is now, as he has always been, for independence. The report alluded to closes with this paragraph:

Our relations with the American people * * * must be inspired by the principle of self-determination and voluntary partnership. It is only thus that an effective and cordial cooperation between America and the Philippines may be secured in a common design to promote the moral and material interests of both peoples.

The last independence congress held in Manila attended by representative elements of our population adopted the following self-explanatory resolution:

In the name and in behalf of the Filipino people we solemnly affirm, with full realization of the consequences and responsibilities of political independence, that our people should be allowed to live an independent life and to establish a government of their own without any further delay and without any condition which makes its advent uncertain; hence we respectfully reiterate our petition to the people and Government of the United States to grant the Philippines immediate, complete, and absolute independence.

At the last session of our insular legislature an independence memorial was approved at a joint session, and I take the liberty of reading the closing paragraph:

The independence of America from the Philippines would seem to be as imperative as the independence of the Philippines from America. Therefore, with all due respects, with a deep feeling of gratitude to America, and with full consciousness of the burdens

and responsibilities of an independent life, we hereby submit that the time has come for the redemption of America's solemn promise to declare and recognize the independence of the Philippine Islands.

Mr. Speaker, no one who hears or reads these pronouncements can honestly say that the Filipino people are not sincerely devoted to their independence. Every mail from across the seas brings to my office resolutions from provincial boards and municipal councils voicing the same sentiment. I submit that the members of this body are witnesses to my constant plea for immediate, absolute, and complete independence.

An impartial observer, Mr. Eddy, in a volume on the Challenge of the East, recently published, and devoting a chapter to the Philippines, does not hesitate in saying:

We have found no people in the world so unitedly, so passionately, so insistently desiring independence as the Filipinos.

The SPEAKER. The time of the Commissioner from the Philippines has expired.

Mr. OSIAS. I ask unanimous consent to proceed for one-half minute.

Mr. COLE of Iowa. Mr. Speaker, I suggest that the gentleman take all the time he wants. We would like to hear the subject discussed.

Mr. KNUTSON. I ask unanimous consent that the gentleman be given 20 minutes.

The SPEAKER. Unanimous consent was granted that there would be 20 minutes of debate on a side, to be controlled by the gentleman from Illinois and the gentleman from New York [Mr. SNELL].

Mr. RAINEY. Mr. Speaker, I yield two minutes to the gentleman from the Philippines.

Mr. OSIAS. I thank the gentlemen most heartily. Mr. Speaker, in two minutes it is clearly impossible adequately to discuss other phases of this all-important problem, independence, but the extension of time enables me to present succinctly our independence stand. In words as plain and in language as clear as I can make it, this is the stand of my people to-day: If given the choice between a continuation of the present form of government on the one hand and immediate, absolute, and complete independence, with all the attendant consequences on the other, the Filipino people are a unit in favor of immediate, absolute, and complete independence. To make this point more emphatic: If the choice is between relative prosperity without freedom on the one hand and independence with relative poverty on the other, my people would unhesitatingly choose the latter. Naturally, if they could secure immediate independence with reasonable economic adjustment, they would welcome it. But let there be no mistake. The supreme concern of the Filipinos is the early grant of national independence. [Applause.]

I am inspired, Mr. Speaker, that during this brief session of the Seventy-second Congress already the membership has shown itself liberal and generous even to countries across the Atlantic, even to people who were once the enemy of the United States. I speak for a people, who during that world cataclysm, clung to you with a loyalty that bordered on filial affection. They, through my weak voice, appeal to you that you cast your eyes upon those distant isles and attend with equal sympathy and promptness to our needs.

The last important legislation for the Philippines was approved in August, 1916. For a decade and a half Congress has enacted no fundamental law that would remove the uncertainty and anomaly of the Philippine situation or which would forever solve the relations between the United States and the Philippine Islands.

There should be no further moratorium on the Philippine question. There should no longer be a holiday on a problem involving people's rights and human freedom. Let American statesmanship now assert itself and grant us the independence which has been promised, and forestall even the possibility of bankruptcy in American-Filipino relationship. [Applause.]

The independence resolution approved on September 24, 1931, at a joint session of the Philippine Legislature, unanimous consent for the inclusion of which was secured, follows:

INDEPENDENCE RESOLUTION APPROVED SEPTEMBER 24, 1931, AT A JOINT SESSION OF THE PHILIPPINE LEGISLATURE

We, the members of the Philippine Legislature, in joint session assembled, for ourselves and in behalf of the Filipino people do hereby reiterate our petition for the immediate and complete political separation of the Philippine Islands from the United States. Our desire for liberty was repeatedly manifested in the course of our history throughout our many struggles for political emancipation culminating in the establishment of the Philippine Republic. We lost our independence because of the superior force of America. We expect to regain it because of her plighted word.

We acquiesced in American rule only when we were assured that she came not as a conqueror but as a liberator. In all good faith we relied on her promise made through her highest executive officials and confirmed by the Congress of the United States when it declared that the independence of the Philippine Islands shall be granted upon the establishment of a stable government. This condition having been fulfilled, the Filipino people rightfully expect that their independence will be recognized without any further delay.

Practical considerations also justify this urgent desire for immediate separation. The present movement to exclude Filipinos from the United States is giving rise to friction and misunderstanding. The manner in which the campaign is being conducted can not but arouse among the Filipino people a feeling that it is impelled by other than purely economic motives. Then, at the present time it is not safe for Filipinos in some parts of the United States to engage in lawful occupations. So long as we remain under the American flag, justice demands that we shall be allowed to live, work, and travel freely in any American territory.

The dual responsibility in our Government, the one assumed by the governor general and the other by Filipino officials, has been the source of serious conflicts in the past and is ever fraught with difficulties. Such an unsatisfactory situation must end. A backward step is unthinkable. The only solution is independence.

Our present trade relations with the United States are uncertain and unstable. Regulated exclusively by the American Congress, America's interests rather than our own are the dominant consideration. There is an increasing demand by American producers to maintain the American market solely for their benefit. Powerful American interests are now conducting a persistent campaign against the free entry of Philippine products. No one knows how long the American market will remain open to us. Doubts and misgivings have seized upon the minds of Philippine producers and investors, thus checking our development. We believe that enduring economic progress can only be achieved under an independent Philippines, free to dictate its own policies.

These facts prove the wisdom of the declared purpose of the United States to grant us independence. They also serve to strengthen our belief that political separation is the only solution to our problem. We see no other alternative. The happiness and prosperity of the Philippines and the economic interests of America are not to be found in the present artificial union which hampers our national development and injures economic progress, but in political separation wherein each may live the life suited to its distinct individuality and its national interests.

The independence of America from the Philippines would seem to be as imperative as the independence of the Philippines from America. Therefore, with all due respect, with a deep feeling of gratitude to America, and with full consciousness of the burdens and responsibilities of an independent life, we hereby submit that the time has come for the redemption of America's solemn promise to declare and recognize the independence of the Philippine Islands.

EXTENSION OF REMARKS

Mr. HOPKINS. Mr. Speaker, I ask unanimous consent to insert in the RECORD a resolution commending a bill that I have introduced in regard to the communists.

The SPEAKER. Is there objection?

Mr. RANKIN. Mr. Speaker, reserving the right to object, what is the resolution about?

Mr. HOPKINS. It is a resolution approving a speech that I made in regard to communism and the bill that I have introduced, which has been referred to the Committee on Naturalization and Immigration, in regard to excluding communists from this country.

Mr. RANKIN. Mr. Speaker, for the time being I shall object.

Mr. RAINEY. Mr. Speaker, I yield the remainder of my time to the gentleman from South Carolina [Mr. STEVENSON].

The SPEAKER. The gentleman from South Carolina is recognized for 13 minutes.

Mr. STEVENSON. Mr. Speaker, I may be forced to use more than 13 minutes and I would like to know now before I start whether I can or not. I ask unanimous consent that I may have 20 minutes.

The SPEAKER. The gentleman from South Carolina asks unanimous consent that he may address the House for 20 minutes, regardless of the unanimous-consent agreement entered into by the gentleman from Illinois and the gentleman from New York. Is there objection?

There was no objection.

Mr. STEVENSON. Mr. Speaker, during the discussion of the moratorium resolution I discussed briefly a proposition for the rehabilitation of finance in this country. I referred to the fact that it would have to be handled by a board or commission, and I questioned the policy of allowing the President of the United States to name that whole commission. I did so upon the ground that he had not been particularly successful in the commissions which he had named, and adverted to the fact that the Farm Board was one of the shocking instances of a commission that had not been popular in the execution of its trust. Yesterday the gentleman from Nebraska [Mr. SIMMONS] took me to task, and while I was not here, which was all right, he made quite a lengthy discussion and inserted a great deal in the CONGRESSIONAL RECORD in reference to that matter. He conceived that I had devoted a great deal of time to assailing the Farm Board. Two short paragraphs were all I used about it, but it seemed to have touched a tender spot somewhere, because it took from 30 to 40 pages of the CONGRESSIONAL RECORD to reply to it. I shall have something to say about some of the things said.

He undertakes to say who the board are, and he first names Mr. Teague, who came from California. I did not mention Mr. Teague, but he was a member of the board, and his principal business is growing lemons, oranges, and walnuts. I knew we had a lemon, and I said in my speech that there were nuts on the board, and I am satisfied that the gentleman from California was one of those who participated in handing us a lemon and that he was one of the nuts.

The next gentleman they talked about is Mr. Legge. My friend twits me because Mr. Legge was appointed on a commission once before by President Wilson. Now, that does raise a presumption that he had sense enough to be on this board, but it is not a presumption that is not rebuttable, and when he says the only thing for the cotton farmers to do when they are about to make a good crop is to plow up one-third of that crop I say that presumption is rebutted. The gentleman overlooked the fact that President Wilson also appointed Mr. Hoover, now the President of the United States, to a position of equal dignity to that of Mr. Legge, and yet I am questioning Mr. Hoover's capacity to name boards to handle these great financial transactions, and I am in favor of some limitation upon these things aside from that provided in the Constitution.

Then the gentleman speaks of Mr. McKelvie, to whom I referred as being a newspaper man and not a farmer, and that he had not raised any wheat. Mr. McKelvie replies to his inquiry in a very long telegram and says:

We have produced wheat on our Nebraska farms for 50 years, and now have a thousand bushels of wheat in the bin on our farms near Lincoln.

Who is "we"? Has this gentleman become so exalted that he has to be spoken of in the plural number? Gentlemen, if he tells the truth, he is an abnormal man. He saw the light of day cutting wheat. I call attention to the fact that the gentleman has only been born 50 years. Certainly in Nebraska they do not begin to raise wheat the moment they begin to raise "cain" when they have the colic, and therefore I say that "we," Mr. McKelvie, who writes this telegram, certainly is not the fellow who was making wheat, because he could not make it 50 years ago.

What did he say in Who's Who? We all know who prepares Who's Who. The fellow writes his own biography. He says he was born on the 15th of April, 1881; married June 19, 1904; with the Bee Publishing Co., Omaha, Nebr. Is that where he was raising wheat—with the Bee Publishing Co. in 1902 to 1905? Became editor Nebraska Farmer in 1905; principal owner and publisher, 1908; now president; member, city council, Lincoln, 1908-9. Member, Nebraska House of Representatives, 1911-1913; lieutenant governor, 1913-1915. Governor Nebraska, 1919-1923. Appointed member Federal Farm Board, 1929. Republican; Methodist; Mason; Odd Fellow; Elk; Commercial Club of Lincoln; Chicago Athletic Club; Hamilton Club.

That is the record.

Now, where does the wheat appear? Where does Mr. McKelvie even himself assert that he was ever a farmer

raising any wheat? A promoter, as I shall show before I get through here.

Now, let us see what this great board has done. It is a great board, or should be. It has most remarkable powers and has been endowed with the most remarkable amount of money that any board has ever been given. He says they loaned \$5,000,000 to the cooperatives of South Carolina. Five million out of five hundred million. That is true. I thank them for it. I will say they have loaned it to a deserving institution. As far as the cotton cooperative in South Carolina is concerned it is now a well-regulated, well-managed concern, in which the people of the State have confidence. I am thoroughly acquainted with it. I have my 1930 cotton crop with them to-day, which I put there on the advice of the gentlemen who constitute this board; that cotton was too low and it was foolish to sell it. That is what Legge said. That is all right. I voted for the law and am not attacking it, but I have the right to criticize the administration of it.

They have loaned some to the tobacco cooperative, which has gone out of business. I am sorry it has. Now, let us see what else they did. They employed a gentleman by the name of Creekmore. I do not know where he came from, but they employed him at a salary of \$75,000 a year to manage the cotton business; the same salary that the President of the United States draws. They employed him and authorized him to employ help, and they fixed their salaries. This man fixed them all except his own, and they run from \$35,000 down, and there are many of them. Just glance at these hearings before the committee. In the cotton cooperatives there are eight pages of names, and nobody gets less than a hundred dollars a month and many of them get \$1,250 and \$1,500 a month. That is a most remarkable salary list and there are eight pages of that.

Then they employed a Mr. Milnor to manage the wheat business and they pay him \$50,000 a year.

Mr. HOPE. Will the gentleman yield?

Mr. STEVENSON. I can not yield. My time is limited. They pay Mr. Milnor \$50,000 a year and they pay several of his underlings over \$30,000 a year. It would not do to put them all in one place, so they established two corporations, the Grain Stabilization Corporation and the Farmers' National Grain Corporation, I believe, is the name of the other. Both of them are controlled by the Federal Farm Board. They have a list of officers, and the president of the National Farm Grain Association gets \$15,000 a year. This man Milnor controls both of them. The salary list of the one runs from page 201 to page 204 of these printed hearings, a closely printed list of three pages. The Members of this House should each have a copy of these hearings before the Senate, and they will find what a tremendous lot of statesmen we have who are worth a lot more money than the ordinary business man.

Then from pages 216 to 235 there are 19 pages of closely printed names of people who are holding jobs under this great Mr. Milnor and his coordinates—no; he has no coordinates; he is the biggest man in the world outside of the board. The board has given those two men, one of them to manage the cotton and the other to manage the wheat, \$125,000 a year. That is \$50,000 more than the President of the United States gets. So that when we look at the beginning of it we might imagine we will come out the little end of the horn. Let us see about it.

The stock of grain now on hand. In this volume in their report which they have made to the Government, and which, by the way—

Mr. REED of New York. Will the gentleman yield?

Mr. STEVENSON. I yield.

Mr. REED of New York. I would like to get some information. Who hires these men? The board or the cooperatives?

Mr. STEVENSON. The board hires them. The board hires the head man and he hires the balance.

Mr. REED of New York. For instance, take the man at the head of the cotton cooperative. I know nothing about the cotton business, but does the board pay him?

Mr. STEVENSON. Yes; the board pays him through its agencies, the two corporations it finances, one of which it owns absolutely. He hires the help and those agencies pay them.

Mr. REED of New York. I do not care to differ with the gentleman, because undoubtedly he has looked it up, but it is my impression that the board simply suggests certain men who are capable of handling the business, and if they meet the approval of the cooperatives they engage the men and pay the salaries.

Mr. STEVENSON. I will show the gentleman where he is wrong. [Reads from the hearings before Senate committee, p. 290:]

The CHAIRMAN. Well, all that you control. You are occupying the position of a general manager of one institution and vice president and general manager of the other. You control a quantity of cotton. What do you propose to do with it; and how much money have you borrowed on it? How much have you sold? What is the present situation?

Mr. CREEKMORE. The Cotton Stabilization Corporation is a Delaware corporation consisting of memberships purchased at a nominal price by the various State cooperative associations. It is financed entirely by the Federal Farm Board. It has a board of directors, but the policies of the Cotton Stabilization Corporation, general policies, are directed by the Federal Farm Board. The money we have invested in the Cotton Stabilization Corporation has been received entirely from the Federal Farm Board or borrowed from commercial banks.

Mr. REED of New York. The point I am making is this—and all I want is information—that certain managers are selected to handle these cooperatives and that these salaried men are really the employees of the cooperatives.

Mr. STEVENSON. That is not the testimony, and I will just cut the gentleman off now. I hate to be brusque, but that is not the evidence, as the gentleman will find if he examines the hearings before the Senate committee.

Mr. REED of New York. I did not mean to interrupt the gentleman, but I simply wanted accurate information.

Mr. STEVENSON. The accurate information is that all of these people have testified that the Farm Board names the two headmen and they name the balance, and the Farm Board pays all of them through their agencies.

Mr. HOPKINS. As a loan.

Mr. STEVENSON. As a loan nothing. They pay them out of the funds.

Mr. HOPE. Will the gentleman yield?

Mr. STEVENSON. I will yield one more time.

Mr. HOPE. The gentleman just read from the testimony given before the Senate committee a statement relative to the Cotton Stabilization Corporation which I am afraid the gentleman is confusing with the cotton cooperative associations.

Mr. STEVENSON. No. I have more cotton than McKelvie ever had wheat. I know all about that.

Mr. HOPE. I think if the gentleman will read that more carefully he will find I am correct.

Mr. STEVENSON. Well, I have read it sufficiently carefully to know that I am correct. I will read further from the hearings before the Senate committee (reads from p. 324):

Senator GORE. I say, didn't your cooperatives take over cotton from the Oklahoma cooperatives, paying them 5 cents a pound more than it was worth at the time? In other words, didn't you advance to them 16.34 cents a pound when it was selling around 11 and 12 cents a pound in the market?

Mr. CREEKMORE. Well, I don't believe there was that much difference at any time; but it is admitted that at the time the Cotton Stabilization Corporation took the cotton over from the Oklahoma association it took it over at a materially higher price than existed at the time.

Senator GORE. Now, do you know why that was done?

I want you to notice where the reasons came from.

Senator GORE. I have heard so much talk about it that I should like to know why it was done.

Mr. CREEKMORE. I can give you my reason; but the Federal Farm Board and I have not yet agreed on the exact reason.

They have not yet agreed on the reason, and that is another evidence of the incompetency of the Federal Farm Board. Here a year after the thing was done, which cost the Farm Board millions of dollars, the Federal Farm Board and its agent have not agreed on what excuse they will offer.

They have had nearly a year and yet they have not been able to agree on the same reason, and that is merely an instance I wanted to call to your attention of the inefficiency of the whole set-up.

Now, gentlemen, what do they carry in their assets and liabilities? We find that the Farm Board claims that they have \$118,700,000 invested in cotton.

Mr. REED of New York. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. REED of New York. I just talked with the Federal Farm Board and the gentleman is mistaken. The managers to whom the gentleman has been referring, with the possible exception of one or two, are employed by the cooperatives and paid by them.

Mr. STEVENSON. But it comes out of the funds of the Federal Farm Board.

But the gentleman from New York asserts that the board has nothing to do with these salaries. Let us see what Mr. Stone, of the board, says about it. In reference to Milnor, Senate hearings, pages 21 and 22:

The CHAIRMAN. Mr. Milnor is in charge of the stabilization activities, is he not?

Mr. STONE. He is in charge of the Stabilization Corporation.

The CHAIRMAN. Inasmuch as the Farm Board supplies the funds and is responsible for the management of that corporation, as you have described, you have fixed the salaries of those associated with Mr. Milnor, have you not?

Mr. STONE. We have been consulted about salaries.

The CHAIRMAN. What salary does Mr. Milnor receive?

Also pages 26 and 27 of Senate hearings:

Senator CAPPER. I want to hear something about that salary of \$50,000 a year. How does the Federal Farm Board justify such a salary?

Mr. STONE. In this way, Senator CAPPER: In the beginning, when the Stabilization Corporation was organized, the board was very anxious to get the very best grain man we could to operate it. We found it was a very difficult thing to do. There were several men we had in mind but they turned it down. And we came to the conclusion that for a man who had the capacity and the ability to handle an operation involving possibly hundreds of millions of dollars, it was not so much a question of salary as a question of ability and honesty and integrity. And with a business of that magnitude a salary of that kind is not out of line in industrial operations.

So the board does select the grain man, and the evidence is conclusive that they furnish the money with which the business is conducted by both the Stabilization Corporation and the Farmers' National Grain Corporation, and if these corporations pay the exorbitant salaries they will have the greater deficit to report to the board, and the loss falls directly at last on the revolving fund.

Again, on page 50 and 51 of the hearings, we find the following statement:

Senator GORE. Mr. Stone, when you selected Mr. Milnor as the head of the Stabilization Corporation I believe you said you were more concerned about the matter of ability than salary.

Mr. STONE. Yes.

Senator GORE. Did the Federal Farm Board select Mr. Milnor as the manager of the Stabilization Corporation?

Mr. STONE. They approved his selection.

Senator GORE. Who made the selection in fact?

Mr. STONE. As far as the Stabilization Corporation was concerned, I think the Federal Farm Board selected him. But Mr. Legge was the chairman then.

Senator GORE. What compensation did he get?

Mr. STONE. He got at that time from the Stabilization Corporation, I think, \$36,000. But Mr. Milnor can give you all of the details about that.

Senator GORE. I understand; but I want to ask you a few questions along that line. Then he was paid an additional sum from the Farmers' National Grain Corporation, I believe?

Mr. STONE. Yes; by the Farmers' National Grain Corporation.

Senator GORE. An aggregate of \$50,000?

Mr. STONE. Yes.

Senator GORE. When you came to approve his selection you made no inquiry as to his talents or services, did you?

Mr. STONE. Yes. He was very highly recommended to us by the vice president of one of the largest banking institutions in St. Louis, who is probably one of the ablest grain men in the country.

But they say the Farmers' National Grain Corporation is an independent concern. Hear the facts—page 52 of the hearings:

Senator WHEELER. And the people who furnish the money to the Farmers' National Grain Corporation are whom, for instance? Is that the Federal Farm Board?

Mr. STONE. Largely, I might say.

Senator WHEELER. Not only that, but the Federal Farm Board has likewise loaned to its members large sums of money, to organizations like the Farmers' Union?

Mr. STONE. No; we have only loaned money through the Farmers' National Grain Corporation.

So the Farmers' National Grain Corporation is the agent of the board to loan money, but it gets "largely" all its money from the board, and it is now claimed to be paying Milnor the \$50,000. Either this is coming out of the revolving fund of the board, directly or indirectly, or it is coming out of the farmers whose wheat they handle with the board's approval, for they approve Milnor and his salary, and could shut him off any minute by stopping loans to their agent. In either event they are failing in their duty.

Again they have been speculating in wheat futures, and this Farmers' National Grain Corporation is their agent to buy and sell. See page 262 of the hearings, where it is admitted that the Farmers' National Grain Corporation charged the Stabilization Corporation \$471,000 commissions for handling its future contracts, and bragged that it made in the period \$2,418,300.32. See page 261:

Senator GORE. Now, during that time the Stabilization Corporation lost \$110,000,000.

Mr. MILNOR. Quite right.

Senator GORE. And these corporations are Siamese twins, aren't they?

Mr. MILNOR. No sir.

Senator GORE. You are president and general manager of the Grain Stabilization Corporation, are you not?

Mr. MILNOR. That is right.

Senator GORE. And you are the vice president and general manager of the Farmers' National Grain Corporation?

Mr. MILNOR. That is quite right.

Senator GORE. That is a pretty strong ligament, is it not?

Now, these two corporations were practically owned by the board. No capital had been paid into the stock of the grain stabilization except what the board furnished. Farmers' National had received \$76,000—page 262 of hearings—in cash capital from cooperatives and borrowed \$38,000,000 from the board. The salary of the manager is \$50,000. Eighteen months would take the entire private capital, yet it is so managed that it makes two and one-half millions and the board-owned corporation loses \$110,000,000, and they say the board, who selected the manager and approved his salary, is not responsible for the slice which he gets and the Government does not lose it.

Cotton was handled the same way. A cotton stabilization corporation was absolutely controlled by the Farm Board. They were consulted before Creekmore was employed (p. 288, hearings). The American Cotton Association was the other corporation in the deal. It had a capital stock paid in of \$79,500 (p. 289, hearings), and Creekmore's salary was \$75,000. The Farm Board pays half that salary directly through the Stabilization Corporation and indirectly all of it in its losses. On pages 290 and 291, hearings, we find the following:

The CHAIRMAN. Does the Federal Farm Board, that is, the Stabilization Corporation as its agent, contribute the \$25,000, or is it also sharing in the 5 cents a bale up to the 1,000,000 bales?

Mr. CREEKMORE. It would share the 5 cents a bale up to 1,000,000 bales.

The CHAIRMAN. Then it is a 50-50 proposition with respect to your salary?

Mr. CREEKMORE. It worked out the past year as one-third for the Cotton Stabilization and two-thirds for the American Cotton Cooperative Association. I think perhaps the percentage was a little higher than that.

The CHAIRMAN. That is the cooperative association.

Mr. CREEKMORE. Yes. American Cotton Cooperative Association.

The CHAIRMAN. Of which you are vice president and general manager. What are you attempting to do with your holdings at this time?

Mr. CREEKMORE. With the 2,000,000 or 1,700,000 bales.

The CHAIRMAN. Well, all that you control. You are occupying the position of a general manager of one institution and vice president and general manager of the other. You control a quantity of cotton. What do you propose to do with it and how much money have you borrowed on it? How much have you sold? What is the present situation?

Mr. CREEKMORE. The Cotton Stabilization Corporation is a Delaware corporation consisting of memberships purchased at a nominal price by the various State cooperative associations. It is financed entirely by the Federal Farm Board. It has a board of directors, but the policies of the Cotton Stabilization Corporation, general policies, are directed by the Federal Farm Board. The money we have invested in the Cotton Stabilization Corporation

has been received entirely from the Federal Farm Board or borrowed from commercial banks.

Now, how were the salaries paid? Hear Mr. Creekmore (p. 302):

The CHAIRMAN. Where did you get the money, then, to pay the salaries of these employees if your venture was a losing one?

Mr. CREEKMORE. Under the arrangement we made with the Federal Farm Board last year they agreed to finance the American Cotton Cooperative Association if we would make this 90 per cent loan.

Senator WHEELER. What is the aggregate monthly salary of your organization, the A. C. C. A., as you call it?

Mr. CREEKMORE. The average?

Senator WHEELER. The aggregate.

Mr. CREEKMORE. The aggregate—roughly, I would estimate it to be around \$70,000 a month.

Senator SHIPSTEAD. \$70,000 a month?

Mr. CREEKMORE. Correct.

Senator SHIPSTEAD. That would be a million dollars a year?

Mr. CREEKMORE. Very nearly.

So while they have attempted to camouflage the salary business by mixing it up in two corporations, it was all laid on the doorstep of the Farm Board, who selected the two managers with their enormous salaries, and they in turn selected the other employees and fixed their salaries, and ultimately the Treasury must bear the burden.

Mr. REED of New York. Oh, no; it does not. All that the board can do is recommend.

Mr. YON. Does not the Federal Farm Board provide the money for these stabilization corporations?

Mr. STEVENSON. Yes.

Mr. REED of New York. I have talked with them direct.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes more.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. STEVENSON. Now, gentlemen will see when they look at the hearings that the investment in cotton reported by the Farm Board is \$118,000,000; that they have 1,310,789 bales of cotton at 6 cents, worth \$39,000,000, and leaving a loss of \$79,000,000 in to-day's market; but Mr. Creekmore does not make that same report. Mr. Creekmore reports more indebtedness. If you will refer to Creekmore's report, which is in the hearings, you will find that Mr. Creekmore reports they have \$193,000,000 invested in it instead of \$118,000,000.

To give the gentleman information as to what the Federal Farm Board regards the situation to be, the Grain Stabilization Corporation also owes commercial banks and intermediate credit banks \$83,000,000, in addition to these obligations, and further offsetting its assets of 257,000,000 bushels of wheat. The total invested in wheat stabilization on June 30, 1931, was, therefore, \$248,076,253.57. Final cost of the operation will not be known until the sale of the 257,000,000 bushels of wheat.

This is what the Farm Board says in its own report, and this is the amount that I charge they have invested, and this is the amount that Mr. Milnor represents.

Oh, they want to shift it now to the cooperatives. Who are the cooperatives that are getting all this money? They are the ones created by the Federal Farm Board, and, as the testimony here shows, they are controlled by it. Mr. Creekmore and Mr. Milnor both admit that these matters are all controlled by the Federal Farm Board and that ultimately the expenses come out of the Federal Farm Board, because the cooperatives can not live with this kind of proposition.

Now, gentlemen, I have one or two other things I desire to advert to.

Mr. HOWARD. Will the gentleman yield for a moment?

Mr. STEVENSON. Yes.

Mr. HOWARD. For the special delight of most Nebraskans I would like to ask the gentleman to inject just a little more embalming fluid into the Farm Board corpse of McKelvie. [Laughter and applause.]

Mr. STEVENSON. Yes. I will proceed to that situation. Mr. McKelvie I have already referred to. Mr. McKelvie was a promoter, and in his statement here he says he is not

a member and has not been a member of any cooperative association. Let us get at that:

"I never have had any official connection with any cooperative, but have had membership in one," and so on, and so on.

Now, let us stop a minute and see. We find Mr. McKelvie's activities very largely distributed. I do not usually read these books that are sent around to everybody, but when a man sets out a facsimile of what he is talking about, then I think there is something to it. Mr. McKelvie says he has never been an officer in any cooperative. Let us see about that.

If you will get *Wheat and Politics*, by one Brinton, whom McKelvie introduced here at Washington in very florid terms, as I will show by this book if anybody questions it, you will find with respect to the Nebraska wheat-pool organization headquarters "J. W. Brinton, organization director; Philip W. Bross, campaign manager; Sam R. McKelvie, chairman of advisory committee."

Then we have another "Midwest Grain Marketing Association," which was the other name of the Nebraska wheat pool, "Ernest Peterson, president; L. S. Hurst, secretary; O. M. Smith, general manager; Sam R. McKelvie, chairman advisory committee; A. P. Sprague, legal counsel; T. M. McIlwraith, organization director."

This was the Midwest Grain Marketing Corporation. So he was an officer in it, and not only that, but in organizing it they organized a wheat-finance corporation of \$50,000 with which to get the money to pay the expenses of the organization, and they carried out their contract so miserably that they got \$50,000 of notes from the farmers of Nebraska, and when they began to collect them they had fallen down on their contract absolutely. They, the farmers, went into court, and you will find set out there the complaint in which McKelvie, as one of the defendants, is one of the officers mentioned in the complaint, and the court of Nebraska held that it was a fraud committed on the farmers and enjoined the collection of the notes by the finance corporation. This is what happened to Mr. McKelvie in this particular instance.

Mr. LOZIER. Will the gentleman yield?

Mr. STEVENSON. For just a minute.

Mr. LOZIER. May I say, in support of the gentleman's statement, that the book he has, *Wheat and Politics*, shows the type of men the Federal Farm Board has placed in charge of the stabilization activities of the Union.

Mr. STEVENSON. I commend it to the honest consideration of anybody here.

While Mr. McKelvie was running his newspaper he ran a farmers' protective association, whereby, I believe, for a fee of \$2, he let them join his protective association and gave them a little tag to put up in the front yard to keep out crooks and slickers. You know they call him Slippery Sam out there. Here is the thing that was given to the members of the farmers' protective association, a little brass card to put up in your front yard so that any crook will run away when he sees it.

Now, some of the farmers that went into the McKelvie wheat pool were not satisfied and complained; but that was appealing from Philip drunk to Philip sober.

Now, there is one thing further. The Farm Board loaned a lot of money over McKelvie's signature. Listen to this:

FEDERAL FARM BOARD,
Washington, D. C., October 16, 1929.

Mr. OTIS M. SMITH,
General Manager Midwestern Grain
Marketing Association, Lincoln, Nebr.

MY DEAR OTIS: Your application for a supplemental loan was received Monday and approved Tuesday. By this time our secretary, no doubt, has advised you how to proceed to get the money without delay.

I will be in Lincoln Saturday of this week and hope to see you then.

Very truly yours,

SAMUEL R. MCKELVIE,
Member, Federal Farm Board.

(Mr. STEVENSON reads further from *Wheat and Politics*.)

As pointed out in a letter reproduced elsewhere, some of these farmers considered the 60 cents per bushel which they received for wheat as against an average "farm price" of \$1.07—a differ-

ence of 47 cents per bushel—a sufficient reason for calling upon the McKelvie "protective" organization to protect them. In this letter the "protective" bureau manager appealed to the McKelvie wheat-pool attorney, and recited that a farmer had received only 60 cents per bushel on 2,000 bushels which he had delivered the previous year, and McKelvie's "protective agent" said they were receiving other "letters along this line." "This matter," said the McKelvie representative to the McKelvie attorney, "can not be stayed off any longer. If it is, some action will be started in court."

Instead of McKelvie's protective bureau frankly telling its members who paid for the protective sign in their yards—and who rightly expected protection from the organization—the facts and giving them honest explanations, the agent of the "slippery one" concealed the facts to protect the politician from embarrassment and appealed to the attorney of Mr. McKelvie thus:

"Any suggestion you have to offer that will enable us to answer these people in a way that will explain the situation as satisfactorily as the circumstances will permit will be appreciated."

If that isn't a master plea in "confession and avoidance," we miss our guess.

This letter was written on July 25, 1929, when the McKelvie wheat pool was insolvent, when embezzlements and misappropriations had taken place within it, and when the facts were known to both McKelvie and his "protective agent," who is maintained in the McKelvie publication headquarters for the sole purpose—if that is the purpose of McKelvie's protective bureau—to give the McKelvie subscribers correct and true information and protect them from swindle and fraud.

Now, I am going to close what I have to say. It would take half a day to attend to this bunch.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Speaker, I want five minutes more in order to read one more letter.

Mr. RAINEY. I yield to the gentleman five minutes more.

Mr. STEVENSON. Now, I am going to appeal from the gentleman from Nebraska [Mr. SIMMONS] to a gentleman from Nebraska who lives in the district of the gentleman from Nebraska [Mr. HOWARD]. This letter was published in the Republican, published at Central City, Nebr.:

I am a Federal Farm Board speculator. I trusted to their advice and lost. * * * As a farmer I had great confidence in the Federal Farm Board. I thought with \$500,000,000 and unlimited power they would protect my interests. I was wrong. * * * I gambled on the Federal Farm Board by storing my grain.

I did not wish to crowd my wheat on the market against such advice. I stored it with one of the Federal Farm Board subsidiaries, the Westcentral Grain Co. They advanced me 45 cents for my wheat. In spite of their orderly marketing we heard so much about in the last few years and the promises of the Federal Farm Board, wheat continued to drop in price until the margin I was supposed to have was wiped out.

This is not a notice addressed to an old-time speculator on the board of trade, but to a greenhorn farmer—myself—who really thought the great and mighty Federal Farm Board was going to do my marketing wisely, in my name, for me. I am only one of thousands and thousands they have fooled. In fact, all who followed their advice are in the same unfortunate position. They got me in and then billed me (for \$432.01). * * * Their letters demand the last pound of flesh. * * *

The Federal Farm Board subsidiaries have made their victims pay the price. Professing to be against speculating in grain, the Federal Farm Board advice has been nothing but gambling, with the farmers who listened paying the losses.

The minute a farmer stored his grain with a subsidiary of the Federal Farm Board his grain became subject to charges sufficient to pay a horde of employees and officials, as well as the inevitable cost of warehousing and keeping the product in condition. This, in the face of a down market, rather than the promised raise in price has wiped many a farmer from the picture where he had been a real Federal Farm Board speculator. * * *

AUG. J. WAGNER,
Central City, Nebr.

That is the story of the handling of things out there, and if the Federal Farm Board undertakes to establish an alibi by saying that all these fellows are employed by cooperatives, then I say that the testimony is that these cooperatives that constitute the Grain Stabilization Corporation are controlled by the Grain Stabilization Corporation, and that it is absolutely controlled by the Federal Farm Board, and it is so testified in these hearings, much of which I have set out. Therefore I submit with all deference that I have not done the gentlemen very much injustice by saying that they were incompetent to carry on the duties of their business, because they have lost, according to their own statement, \$200,000,000 to \$300,000,000, in round numbers, and, according to the statement of Mr. Creekmore, \$50,000,000 more than that in their operations at stabilization, for which they and they alone are responsible. [Applause.]

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, I ask that it be in order to move that the House stand in recess until such time to-day as the Speaker calls it together again, the bells to ring 15 minutes in advance of the call by the Speaker.

The SPEAKER. The gentleman from Illinois asks unanimous consent that it may be in order to move that the House shall stand in recess, subject to the call of the Speaker, with the understanding that the bells shall be rung 15 minutes prior thereto. The Chair is informed by the leader of the Senate, Senator WARSON, that they hope to be able to definitely state by 4.30 or 5 o'clock this afternoon whether or not the body will pass the concurrent resolution providing for an adjournment of the House and the Senate until January 4. As a result of that information the gentleman from Illinois [Mr. RAINEY] makes the request he has just announced. If the Senate does not pass the concurrent resolution, then it is the hope of the Chair that the House will give consent for the consideration and passage of a resolution, which the Clerk will report, when the House reconvenes after the recess.

The Clerk read as follows:

Resolved, That from and after this day the House shall meet only on Mondays and Thursdays of each week, until Monday, January 4, 1932.

The SPEAKER. The object of that resolution is that when we meet on Mondays and Thursdays the only thing in order would be a motion to adjourn, so that Members may go home with the assurance that nothing will be done in their absence. In case the Senate does not pass the concurrent resolution, the Chair believes it safe for Members to return to their homes with the assurance there will be no roll call or any business transacted before the 4th day of January.

Mr. SNELL. Mr. Speaker, I am very glad that the Speaker has made that explanation, because I think it should go out to the country so that Members may know what the situation is.

The SPEAKER. There is perfect cooperation between the majority leader and the minority leader in the matter. The Chair can not conceive of any situation that can arise where any business would be transacted. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, what the Speaker has reference to is that no business will be transacted in the House.

The SPEAKER. That is correct.

Mr. McDUFFIE. However, several committees will function, as I understand.

The SPEAKER. The committees can work as much as they want to.

Mr. McDUFFIE. And will do so.

The SPEAKER. Certainly; that is a matter for the committees to determine for themselves.

GENERAL DISARMAMENT CONFERENCE, GENEVA

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed.

To the Congress of the United States:

In my message on foreign affairs which was communicated to the Congress on the 10th day of this month I spoke of the invitation which this Government has accepted to participate in the general disarmament conference which is to meet at Geneva on February 2, 1932. I spoke also in that message of the interest of this Government in supporting the efforts of this conference in accordance with the traditional policy of the American Nation to meet with the other nations of the world and to offer its cooperation in any endeavor which has in view the reduction of the huge burdens which result from unnecessarily heavy and costly armaments.

I am transmitting herewith and I commend to the favorable consideration of the Congress a report on the subject from the Secretary of State, in which he requests that

authorization be made for an appropriation to defray the expenses of sending an American delegation to Geneva for the purpose of representing the United States at the conference.

HERBERT HOOVER.

THE WHITE HOUSE, December 22, 1931.

TOM SHINNERS

Mr. SEGER. Mr. Speaker, I ask unanimous consent to extend my remarks by the insertion of the story of the man known as The Sunshine Man, Tom Shinnners, who resides in my district.

The SPEAKER. Is there objection?

Mr. UNDERHILL. Mr. Speaker, I object.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House now stand in recess.

The motion was agreed to; and (accordingly at 1 o'clock and 6 minutes p. m.) the House stood in recess, subject to the call of the Speaker.

AFTER RECESS

At the expiration of the recess the House was called to order by the Speaker at 11.01 o'clock p. m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 147. Joint resolution to authorize the postponement of amounts payable to the United States from foreign governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.

The message also announced that the Senate had concurred in House Concurrent Resolution No. 5, providing that when the two Houses adjourn on Tuesday, December 22, 1931, they stand adjourned until 12 o'clock meridian Monday, January 4, 1932.

THE STATE OF THE UNION

Mr. McDUFFIE. Mr. Speaker, the gentleman from Oklahoma, Mr. McKEOWN, was compelled to leave the city this afternoon and asked me to request unanimous consent that he might extend his remarks in the RECORD on the state of the Union, and I now make that request.

The SPEAKER. Is there objection?

There was no objection.

Mr. McKEOWN. Mr. Speaker and gentlemen of the House, for several days gentlemen here have debated the President's message on the state of the Union. In view of the fact that the state of the Union has improved so little since I last spoke on this subject in this House a year ago, I am constrained to again remind the country of the conditions as I see them.

What is the state of the Union?

A land of plenty and poverty.

A land of plutocrats and panics.

A land of big business and bankrupt merchants.

A land of inflated stocks and deflated buyers.

A land of trusts and combinations—chain stores and chained competition.

A land of gushing oil wells with importation of oil and its products increasing daily.

A land of the Federal reserve bank and home of breaking banks.

A land of natural water power controlled by trusts whose stocks are soaked with water.

A land where prohibition prevails and racketeers flourish.

A land blessed by Almighty God and dammed by bootleggers and the godless.

Where farmers fight in vain for a fair chance.

Where wheels of industry have stopped and laboring men wander up and down in search of work.

What has happened so suddenly to change in a decade a happy, prosperous, and contented people into a condition of misery, unrest, and chaos? There is but one answer—unwise and discriminatory laws.

This condition is not the result of "just happened so" or of any particular distressing occurrence. This condition has been long on the way and is the result of years of folly.

When the industrial sections of the Nation were not satisfied with reasonable tariff rates to protect their interests and wholly disregarded the fact that prosperity in America includes the far stretches of the West and South as well as the area of the manufacturing States, they obtained the enactment of the Fordney-McCumber Tariff Act. This afforded the industrial areas a season of apparent prosperity. They apparently cared nothing for the distress of the agricultural group; and imbued with the prospects of worldwide domination of trade, they closed their eyes and ears to the cry of distress from the South and the West.

This attitude of industry led Mr. Coolidge to proclaim in every speech and from the housetops that we were enjoying unparalleled prosperity. This was his platform in 1924.

Speculative citizens, after their run-to in Florida, turned to the greatest of all Monte Carlos, the stock market in Wall Street, and there commenced an amazing debacle. Every sane man knew it could not last.

Whether it be the duty of the White House to warn reckless citizens is not one made so by statute, but it remains that no warning was issued.

The panic in Wall Street can not be said to be responsible for our economic dilemma.

The money was not destroyed in any holocaust of fire or lost in some whim of nature.

In the early days after the war the manufacturers, having become more familiar with our European neighbors, began to prepare to furnish to Europe her needed supplies. Funds to buy with were needed. This was arranged through eager bankers who could exact luscious rates of interest.

The orders came in a deluge.

Manufacturers converted war industries into mass production of goods. To hold this trade, they set in to acquire and invent every possible labor-saving machine with which to reduce the costs of manufacturing and increase their profits.

The laborer and the farmer were left out of the picture. Whenever a labor-saving device was installed and 500 men thereby displaced, the wages of 500 men were saved; but, alas! the machine would not buy a pound of butter nor a yard of cloth.

They saved the cost of the labor of 500 men and likewise lost the buying power of 300 families.

While pandering to European trade, they kept the sales prices at war levels to the consuming public in America. Although by mass production the costs were lowered, yet the retail prices were not immediately cut. When business slackened, they made some reductions, but even to this hour the necessities of life are above the price level of farm products. During the war period agriculture, driven on by the world's demands, expanded tremendously in spite of a dearth of farm labor and its greatly increased costs.

Upon the close of the war the farmers suffered more than their share in the deflation which immediately followed. In order to lower food prices in the great cities and industrial centers, the farmer was sacrificed on the altar of deflation.

He did not have in his pockets the needed money with which to absorb the shock. All America went on a spending orgy for a time, and we lost that element of saving and thrift for which our ancestors were noted.

How different has been the reaction from the World War as compared to the end of the War between the States. The soldiers of the North returned home to bend their efforts to restore their industries and broken fortunes. The followers of Lee went back to Dixie, a land of waste and ashes, to reconstruct a new and better South.

Saving, thrift, and work were magic talismans that brought this Republic to the forefront with the great nations of the earth. What of the state of the Union to-day? Gigantic surpluses of food products and manufactured wearing apparel, and thousands are hungry and nearly naked!

A land of boundless acres of land and thousands of homeless farmers and laborers with no place to lay their heads.

A land of combination and centralization of wealth, where by one transaction you make one millionaire and a million poor. This is a situation brought about by unwise legislation fostered by the party in control of the Government. But to correct the situation calls for the best thought and votes of progressive Americans in both political parties.

The transportation question is here again. The railroads are to be consolidated. The whole rate structure should be revised.

What a situation do we often find in America—delicious fruits and food rotting in orchards or fields in one section and mouths hungry for them in other sections, wholly because of prohibitive freight rates.

The railroads complain that the United States Government is building highways and waterways out of the public fund for busses and boats to use in competition with their privately owned roads. They will not agree for Uncle Sam to run them, and do nothing to meet the competition.

There would be but few bus lines competing to-day had the railroads been willing to furnish shuttle trains and station-to-store delivery. On the other hand, if we do not regulate the tonnage, rates, and sizes of vehicles on highways, we will destroy both our railroads and highways.

The railroads, in a measure, are in the situation of the steamboats on inland waterways when railroads began to build. The Congresses of bygone days permitted the railroads over the outcry and protest of the river boats to parallel the rivers and destroy the steamboats.

We should profit by the errors of the past, and put an end to the constant fighting between transportation agencies, even if we go to the extent of fixing the classes of freight to be hauled by railroads, by busses, by barges, by pipe lines, and by air.

America needs all our methods of transportation, and it was an economic crime when we lost our river transportation.

The railroads are now clamoring for regulation of oil and gas rates by pipe lines.

Why did they not furnish equipment and fair rates to the oil people at the proper time and avoid the pipe-line competition?

America is suffering from high freight rates, and what we need most at this time is not consolidation, but freight classification and conservation of all our transportation methods.

Proscribe the sphere of the activities of each method, make them stop squabbling among themselves, and give the American people service.

The farming industry has been permitted to starve out and is to-day a quarter of a century behind industry in the matter of equipment and method.

We are not going to solve the difficulties of agriculture until we start at the root of the underlying trouble. As long as there are thousands of tenant farmers without land of their own or hope of a home; as long as the tenant farmer because of his dire extremities must pay excessive rates of interest for his supplies and exorbitant tariffs on his purchases; as long as his home and community conditions are such that the bright lights of the near-by towns and cities lure his sons and daughters away from home, so long will farming be a failure.

Cooperative marketing is good for big producers, but the little fellow will never get into the picture.

American business men want to do things on a big scale. Never satisfied to enjoy the better things of life, such as happiness and contentment, they seem to want to gather in a short span of life all the money in the world. Corporation farming and peasant farmers are in the offing. No individual farmer is financially able under present prices to equip his farm with necessary cost-cutting machinery. In Oklahoma, due under the constitution to the wisdom of its makers, corporation farming can not exist.

In view of the doctrine of isolation to which Republican leaders have committed our country in world affairs; first, by rejecting any affiliation with the other nations of the world, which action was approved by several millions of

American voters who in an evil moment failed to foresee the commercial results; and second, by prohibitory tariff rates destructive to trade at home and commerce abroad. We shall now have to turn our attention, in so far as our industries are concerned, to the domestic markets.

Before you can stabilize agricultural products, you must assist the producers in controlling production. You apply control to the other industries, why not agriculture? [Applause.]

This is what must take place in America under the ill-advised and ill-constructed policies that have been inaugurated and put into force in the last 10 years in this country. You may as well make up your minds that you are going to confine all of your business activities to America alone, because, as I said a moment ago, in an evil moment there was a rejection of the association of nations that would have put us in touch with the foreign peoples and kept us in contact with them. But what have we done? In order to add insult to injury we refused to associate with them. We then passed the Fordney-McCumber Tariff Act, which was the highest tariff that was ever passed. Then, in addition to that, we passed this monstrous Hawley-Smoot bill, which absolutely closed the markets for 26 nations of the world to our products.

Why do the cotton farmers of the South propose to raise cotton so that they can sell it abroad at less than it costs to produce it? Do your farmers of the South owe the manufacturers of England that much consideration that your women and your children shall toil in the fields in the hot days of summer to produce cotton and sell it to the manufacturers at less than it costs to produce it? Why do you not favor curtailing production of your cotton to meet domestic demands? Why do the wheat farmers of the West produce wheat and spend their time and energy to produce wheat to be sold to foreigners for less than it costs to produce it in America?

You can control overproduction. You control the production of manufactured articles. You control the production of oil, and yet there is importation of oil into this country every day that is overwhelming the oil business. You are going to destroy the American oil industry. You are going to give the foreign companies control of the American oil industry in this country within the next five years unless you change your policy. If we are going to have home markets, then the farm products must be controlled.

I have introduced a bill, for whatever it is worth, that sets out a plan by which the products of the farm can be controlled to meet domestic demands, and I can not understand why the farmers want to produce these articles and sell them at less than it costs to produce them.

Now, let me call your attention to something else. You may just as well make up your minds that you have either to pass an old-age pension bill in the Congress of the United States or you must close the Pension Office of the United States for 10 years on labor-saving devices. Where are you going to gain when you put a labor-saving device in by which you supplant thousands of men and not only lose both the labor of those men but the purchasing power of those men to buy your products?

One thing I am thankful for is that while my amendment to require one year's extension on all past-due installments due Federal land banks failed by a few votes, we have shown the temper of a large number of Congressmen on that vote, and I am advised that foreclosures will for a time cease.

It is hoped that Congress will at this session dispose of the soldiers' bonus matter at least to the extent of repealing the interest charges against the veterans on their loans.

My prayer for the state of the Union is a speedy return to prosperity.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 147. A joint resolution to authorize the postponement of amounts payable to the United States from foreign

governments during the fiscal year 1932, and their repayment over a 10-year period beginning July 1, 1933.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 930. An act limiting the operation of sections 109 and 113 of the Criminal Code with respect to counsel in the case of the Appalachian Electric Power Co. v. George Otis Smith, et al.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 3 minutes p. m.), pursuant to House Concurrent Resolution No. 5, the House adjourned until January 4, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

324. A letter from the chairman of the United States Tariff Commission, transmitting report of an investigation made by the United States Tariff Commission relative to the cost of production of crude petroleum, fuel oil, gasoline, and lubricating oils, etc., produced in the United States (H. Doc. No. 195); to the Committee on Ways and Means and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. UNDERWOOD: Committee on Invalid Pensions. H. R. 6596. A bill granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; without amendment (Rept. No. 14). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 536) granting an increase of pension to Belle Brown; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 1114) granting a pension to Armina E. Smith; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 1963) granting a pension to William A. Powers; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 2386) granting a pension to Alexander Lane; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 2401) granting a pension to Wilson Branch Cook; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 2484) granting a pension to Rose M. Young; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 2569) granting a pension to Mathilda H. Byrnes; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 2637) granting an increase of pension to Emma W. Rice; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BANKHEAD: A bill (H. R. 6577) providing for a site and public building for post office and other Federal purposes at Russellville, Ala.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6578) providing for a site and public building for post office and other Federal purposes at Fayette, Ala.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6579) to provide for the purchase of a site and the erection of a building thereon, at Carbon Hill, in the State of Alabama; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6580) providing for a site and public building for post office and other Federal purposes at Haleyville, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. CARLEY: A bill (H. R. 6581) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. COLTON: A bill (H. R. 6582) to provide for the compromise and settlement of claims held by the United States of America arising under the provisions of section 210 of the transportation act, 1920, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. HADLEY: A bill (H. R. 6583) to amend paragraph 1798 of the tariff act of 1930; to the Committee on Ways and Means.

By Mr. HASTINGS: A bill (H. R. 6584) to provide for the immediate redemption of World War adjusted-service certificates with bonds of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. KENDALL: A bill (H. R. 6585) to protect American labor and industry from competition of products of convict, forced, and indentured labor; to the Committee on Ways and Means.

By Mr. NELSON of Maine: A bill (H. R. 6586) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. OLIVER of Alabama: A bill (H. R. 6587) to provide for the commemoration of the Battle of Tuscaloosa, in the State of Alabama; to the Committee on Military Affairs.

Also, a bill (H. R. 6588) to provide for the commemoration of Fort Tombechee, in the State of Alabama; to the Committee on Military Affairs.

By Mr. SCHNEIDER: A bill (H. R. 6589) to promote the public health and to encourage the dairy industry in the interest of the general welfare; to the Committee on Agriculture.

By Mr. THOMASON: A bill (H. R. 6590) to provide for reimbursement of certain cotton farmers for expenses incurred in fumigating cotton; to the Committee on Agriculture.

By Mr. WILSON: A bill (H. R. 6591) to amend the act approved May 15, 1928, entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes"; to the Committee on Flood Control.

By Mr. GASQUE: A bill (H. R. 6592) to permit an increase in the length of leaves of absence, with pay, for members of the Metropolitan police, the United States park police, and the fire department of the District of Columbia; to the Committee on the District of Columbia.

By Mr. LUDLOW: A bill (H. R. 6593) to decrease the interest rate on adjusted compensation loans, and to remove the 2-year time limit; to the Committee on Ways and Means.

Also, a bill (H. R. 6594) to authorize the erection of a 150-bed addition to the United States Veterans' Administration hospital at Indianapolis, Ind.; to the Committee on World War Veterans' Legislation.

By Mrs. NORTON of New Jersey: A bill (H. R. 6595) to provide old-age securities for persons over 60 years of age residing in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. UNDERWOOD: A bill (H. R. 6596) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; committed to the Committee of the Whole House.

By Mr. DICKSTEIN: A bill (H. R. 6597) to permit naturalization of certain Filipinos who have served in the United States Army; to the Committee on Immigration and Naturalization.

By Mr. VINSON of Georgia: A bill (H. R. 6598) to authorize the appointment of a board of arbitrators to determine royalties on torpedoes; to the Committee on Naval Affairs.

Also, a bill (H. R. 6599) to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy; to the Committee on Naval Affairs.

By Mr. WHITE: A bill (H. R. 6600) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 6601) to authorize the distribution of cereal grains for relief purposes; to the Committee on Agriculture.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 163) to provide an appropriation for expenses of participation by the United States in a general disarmament conference to be held in Geneva in 1932; to the Committee on Foreign Affairs.

By Mr. MCGUGIN: Joint resolution (H. J. Res. 164) pertaining to unemployment and proposing certain remedial steps; to the Committee on Labor.

By Mr. SOMERS of New York: Concurrent resolution (H. Con. Res. 7) providing for the equitable division of hours of employment during the present business depression; to the Committee on Labor.

By Mr. JOHNSON of Washington: A bill (H. R. 6657) to authorize the purchase of an electric generating, transmission, and distribution system in the Mount Rainier National Park, and for other purposes; to the Committee on the Public Lands.

By Mr. MARTIN of Oregon: A bill (H. R. 6658) to create a bureau of welfare of the blind in the Department of Labor, to provide for the issuing of licenses to blind persons to operate stands in Federal buildings, and for other purposes; to the Committee on Labor.

By Mr. FRENCH: A bill (H. R. 6659) for the inclusion of certain lands in the Coeur d'Alene and St. Joe National Forests, State of Idaho, and for other purposes; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 6602) granting an increase of pension to Mary V. Maxwell; to the Committee on Invalid Pensions.

By Mr. AMLIE: A bill (H. R. 6603) granting an increase of pension to Annie E. Shannon; to the Committee on Invalid Pensions.

By Mr. BUTLER: A bill (H. R. 6604) granting a pension to Charles C. Low; to the Committee on Pensions.

Also, a bill (H. R. 6605) granting a pension to John W. Dollarhide; to the Committee on Pensions.

By Mr. CARDEN: A bill (H. R. 6606) granting a pension to Alfred Daugherty; to the Committee on Invalid Pensions.

By Mr. CLARKE of New York: A bill (H. R. 6607) granting a pension to Lillie Brinkerhoff; to the Committee on Invalid Pensions.

By Mr. COLLINS: A bill (H. R. 6608) for the relief of N. D. Brookshire; to the Committee on Claims.

Also, a bill (H. R. 6609) for the relief of Bradley R. Boughton; to the Committee on Claims.

By Mr. EVANS of Montana: A bill (H. R. 6610) to provide for the addition of the names of certain persons to the final roll of the Indians of the Flathead Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

By Mr. FINLEY: A bill (H. R. 6611) granting an increase of pension to Rhoda Ellis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6612) granting an increase of pension to George Roberts; to the Committee on Pensions.

By Mr. FULMER: A bill (H. R. 6613) granting an increase of pension to Charlie R. Saylor; to the Committee on Pensions.

Also, a bill (H. R. 6614) granting a pension to Thomas Grimsley; to the Committee on Pensions.

By Mr. GRISWOLD: A bill (H. R. 6615) granting a pension to Margaret E. Stephens; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 6616) granting a pension to Willanna Green; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6617) granting an increase of pension to Henrietta B. Banks; to the Committee on Invalid Pensions.

By Mr. HARE: A bill (H. R. 6618) for the relief of Lissie Maud Green; to the Committee on Claims.

By Mr. HOGG of West Virginia: A bill (H. R. 6619) granting back pay to William J. Bell on account of pension allowance heretofore made; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6620) granting a pension to Mary Lewis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6621) granting an increase of pension to Amanda Gregg (with accompanying papers); to the Committee on Invalid Pensions.

Also, a bill (H. R. 6622) granting an increase of pension to Agnes Ireland (with accompanying papers); to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 6623) for the relief of Minnie D. Hines; to the Committee on Claims.

Also, a bill (H. R. 6624) granting an increase of pension to Sarah J. Shepard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6625) granting an increase of pension to Elizabeth Hahn; to the Committee on Invalid Pensions.

By Mr. HERR: A bill (H. R. 6626) authorizing the appointment and retirement as a major, United States Army, of Harold L. Coffin; to the Committee on Military Affairs.

By Mr. JENKINS: A bill (H. R. 6627) granting an increase of pension to Phebe A. Fife; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Illinois: A bill (H. R. 6628) granting an increase of pension to Elizabeth Snyder; to the Committee on Invalid Pensions.

By Mrs. KAHN: A bill (H. R. 6629) for the relief of Patrick O'Brien; to the Committee on Naval Affairs.

By Mr. KENDALL: A bill (H. R. 6630) granting an increase of pension to Roxalina Davis; to the Committee on Invalid Pensions.

By Mr. LANKFORD of Virginia: A bill (H. R. 6631) to reimburse certain individuals for damages by reason of loss of oyster rights in Little Bay, Va., due to the taking of the same by the United States for the purpose of operating thereon a naval air training station; to the Committee on Claims.

By Mr. MAPES: A bill (H. R. 6632) granting a pension to Orange E. Sink; to the Committee on Pensions.

Also, a bill (H. R. 6633) granting an increase of pension to Sarah W. McPherson; to the Committee on Invalid Pensions.

By Mr. MONTAGUE: A bill (H. R. 6634) for the relief of Vertner Tate; to the Committee on Claims.

By Mr. NELSON of Wisconsin: A bill (H. R. 6635) granting an increase of pension to Kate Walker; to the Committee on Invalid Pensions.

By Mr. NORTON of Nebraska: A bill (H. R. 6636) granting an increase of pension to Catharine Kechely; to the Committee on Invalid Pensions.

By Mr. OLIVER of Alabama: A bill (H. R. 6637) authorizing the President to present a medal of honor to Richmond Pearson Hobson; to the Committee on Naval Affairs.

By Mr. PURNELL: A bill (H. R. 6638) granting an increase of pension to Athelia P. Land; to the Committee on Invalid Pensions.

By Mr. REILLY: A bill (H. R. 6639) granting an increase of pension to Julia Burk; to the Committee on Invalid Pensions.

By Mr. SANDERS of New York: A bill (H. R. 6640) granting an increase of pension to Laura Y. Olmsted; to the Committee on Invalid Pensions.

By Mr. SHREVE: A bill (H. R. 6641) granting an increase of pension to Delia M. Allen; to the Committee on Invalid

Pensions.

By Mr. SNELL: A bill (H. R. 6642) granting an increase of pension to Sarah A. Bulluck; to the Committee on Invalid Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 6643) for the relief of Joe E. DeAndrea; to the Committee on Military Affairs.

Also, a bill (H. R. 6644) for the relief of William A. Lipscomb; to the Committee on Military Affairs.

By Mr. SUTPHIN: A bill (H. R. 6645) granting an increase of pension to Katherine Garrison; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6646) for the relief of James Luker, sr.; to the Committee on Claims.

By Mr. SWANK: A bill (H. R. 6647) granting an increase of pension to Dora Abshier; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 6648) for the relief of John W. Green; to the Committee on Military Affairs.

By Mr. OLIVER of Alabama: A bill (H. R. 6649) for the relief of Mrs. Tonnie Smith Young; to the Committee on Claims.

By Mr. THOMASON: A bill (H. R. 6650) authorizing the William Robert Smith Memorial Association, of El Paso, Tex., to construct a memorial in honor of William Robert Smith, former Member of Congress from the sixteenth district of Texas; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 6651) granting a pension to Presley B. Bradley; to the Committee on Pensions.

By Mr. WEST: A bill (H. R. 6652) granting an increase of pension to Margaret V. Myers; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 6653) granting an increase of pension to Lucy Lee Thomas; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 6654) for the relief of Jordan Young; to the Committee on Claims.

Also, a bill (H. R. 6655) granting a pension to Edward Lewis Searl, 3d; to the Committee on Pensions.

Also, a bill (H. R. 6656) for the relief of James Jones; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

192. Petition of Speers Sand & Clay Works (Inc.) for the impeachment of his honor, Judge John J. Parker, United States Circuit Court of Appeals of the Fourth Circuit; to the Committee on the Judiciary.

193. By Mr. BRUNNER: Resolution of the Rego Park Community and Civic Club (Inc.), Elmhurst, Long Island, N. Y., urging the United States Congress to enact some form of unemployment insurance; to the Committee on the Judiciary.

194. By Mr. CHAPMAN: Petition of National Association for Legislated Regulation of Busses and Trucks (Inc.), general office, Paris, Ky., calling attention to the perils confronting the railroads through unjust competition and calling upon Congress for protection; to the Committee on Interstate and Foreign Commerce.

195. By Mr. HORNOR: Memorial of the Business Men's Club, of Rainelle and Meadow Bluff district, West Virginia, indorsing the proposal to establish a system of mortgage-discount banks; to the Committee on Banking and Currency.

196. By Mr. HERR: Petition of the Esther Reed Chapter, of the Daughters of the American Revolution, Spokane, Wash., requesting the maintenance of an Army and Navy which can adequately protect our country and in opposition to the participation of the United States in the World Court or League of Nations; to the Committee on Foreign Affairs.

197. By Mr. RUDD: Petition of Scovell, Wellington & Co., accountants-engineers, New York City, opposing retroactive income-tax legislation; to the Committee on Ways and Means.